Austria	Sch.15	Luxembourg	Fr.35
Belgium	Fr.35	Malaysia	Rm3.85
Canada	C$2.50	Netherlands	Fl.2.25
Denmark	Kr.7.00	Norway	Kr.6
Finland	FM5	Portugal	Esc60
France	Fr.5.00	Singapore	S$3.80
Germany	DM2	Spain	Pta85
Greece	Dr.50	Sweden	Kr.8
Indonesia	Rp1650	Switzerland	Fr.2
Italy	L1100	Turkey	L130
Japan	Y550	U.S.A.	$1.50

FINANCIAL TIMES

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What Britain should do about sterling, Page 19

NEWS SUMMARY

GENERAL

Germans jailed in Herstatt case

Three West German currency dealers were jailed after a four-year trial for fraudulent dealings which contributed to the country's biggest post-war bank collapse.

They were Norbert Arden, who received seven and a half years, Bruno Heinen, four and a half years, and Bruno Bläser, three years nine months.

Their dealings contributed to the June 1974 collapse of Herstatt, the country's largest private bank, with losses of DM 1.2bn (now $494m).

Arden and Bläser were private dealers on the Frankfurt money market, and Heinen worked for Herstatt. Page 3

$20m evidence in Calvi case

Flavio Carboni, a business associate of the late Roberto Calvi, head of the failed Banco Ambrosiano, withdrew about $20m from Swiss bank accounts after Calvi was found dead in London, according to Swiss police, it was said in the High Court in London. The case concerns a Calvi family plea to set aside a verdict of suicide by a London coroner.

It emerged from Milan yesterday, however, that Italian forensic scientists confirmed that Signor Calvi died of asphyxiation compatible with hanging, and believed that he probably committed suicide. Page 20

Missile talks

The U.S. has virtually completed intensive consultations with its key Nato allies and is putting the finishing touches to new proposals to limit nuclear weapons in Europe. Secrecy is being maintained on the proposals aimed at rejuvenating the stalled Geneva talks. Earlier story, Page 3

Andropov meeting

Soviet leader Yuri Andropov and UN Secretary General Javier Perez de Cuellar yesterday concentrated on "the problem of peaceful settlement in the Middle East and the ways of normalising the situation around Afghanistan" during talks on international problems in the Kemlin yesterday.

Iran-Iraq slick talk

Iran and Iraq have agreed to meet at Ministerial level in Kuwait on Saturday to discuss the dispersal of the huge oil slick which is threatening the shores of all the Gulf States. Page 20

Assam bomb

A bomb exploded in Assam capital Gauhati during the night, causing minor damage, as militant leaders announced a suspension of their anti-immigrant campaign and political leaders made a new appeal for peace. Page 4

SS men for trial

Four former Nazi SS storm troopers in their 70s will go on trial in Bonn in the autumn accused of deporting nearly 1700 French Jews to wartime death camps in Poland.

Falklands visit

Britain has agreed in principle for Argentine next-of-kin of soldiers killed in the Falklands to visit the islands.

Briefly

Paris Metro's last 1906-style train will be retired next month.

Basque separatists claimed responsibility for an explosion which killed one bomb disposal expert in San Sebastian and wounded another.

New crater erupted on Mount Etna, Sicily.

BUSINESS

British groups in big car parts link

● UK CAR PARTS rivals Lucas and Smiths Industries are to pool some resources in a new company that they say will have the broadest product range offered by an independent automotive electronics supplier in Europe. Page 20

● CHILE began talks with creditors on its request for rescheduling of $3.5bn of debt and $1.2bn in new loans this year. Page 6

● COMMERZBANK, West Germany's third largest bank, has increased profits despite increased risk provisions, by concentrating on short-term loans. Page 21

● HOWALDSWERKE-DEUTSCHE WERFT, West Germany's largest shipyard, plans to cut about a third of its 11,000 jobs. Page 21

● ALUMINIUM prices rose in London, following the ingots price rise from £810 a tonne to £880 ($1279.5) announced by British Alcan Aluminium. The exchange cash price closed £21.5 up at £822.5 a tonne. Page 35

● DOLLAR continued to improve, reaching DM 2.4345 (from DM 2.416), FFr 7.2975 (FFr 7.245), SwFr 2.085 (SwFr 2.065), and Y240.1 (Y237). Its Bank of England trade-weighted index improved from Friday's 122.1 to 123. Page 38

● STERLING fell 65 points to $1.454, its lowest closing level, but improved to DM 3.5425 (DM 3.53), FFr 10.6075 (FFr 10.58), SwFr 3.035 (SwFr 3.0175) and Y349.5 (Y346.5). Its trade weighting finished unchanged at 78.1. Page 38

● GOLD fell $3.5 in London to $409.5, $3 in Frankfurt to $408.75, and $4 in Zurich to $408.75. In New York the Comex March settlement was $412.00 ($414.00). Page 35

● LONDON: FT Industrial Ordinary index eased by 1.4 to 655.5. Government Securities fell by an average of almost 1 per cent. Page 31. FT Share Information Service, Pages 36-37

● WALL STREET: Dow Jones index closed at 1133.32, down 6.77. Page 31. Full share listings, Pages 32-34

● TOKYO: Nikkei Dow index advanced 68.82 to a record 8,387.91. Stock Exchange index rose 1.53 to 614.02. Report, Page 31. Leading prices, other foreign markets. Page 34

● JAPAN is thought to be about to cut its discount rate by between half and one percentage point from its 5.5 per cent, following yesterday's meeting between Premier Yasuhiro Nakasone and Bank of Japan Governor Haruo Maekawa Page 4. Finance Ministry is to relax restrictions on issues of foreign bonds. Page 22

● VENEZUELA is to allow foreign-owned companies country to repay foreign debts of about $2bn at the preferential rate of 4.3 bolivars to the dollar instead of the floating rate of about 8. Page 6

● CAMPSA, Spain's petroleum products marketing agency, reported gross profit for 1982 24.2 per cent down at $810m.

● BANCO del Gottardo of Lugano has bought Zurich-based finance company Ultrafin from Banco Ambrosiano Holding of Luxembourg.

Thatcher names MacGregor to head coal board

BY RAY DAFTER, IAN RODGER AND KEVIN BROWN IN LONDON

Mr Ian MacGregor, the controversial chairman of the state-owned British Steel Corporation, has been appointed to head Britain's National Coal Board with instructions from Mrs Margaret Thatcher's Conservative Government to return the mining industry to profitability as soon as possible.

The official announcement of Mr MacGregor's appointment to a second key UK public sector post – the subject of hot debate in recent weeks – triggered angry outbursts from both trade unionists and politicians across the spectrum.

The Government has again agreed compensation terms with Lazard Freres, the New York investment bank from which Mr MacGregor joined BSC, for the loss of his services.

Lazard Freres will receive a straight fee of £1.5m ($2.2m), irrespective of Mr MacGregor's performance at the helm of the NCB. A similar arrangement, covering his three-year management of British Steel, involves payments of up to £1.8m, depending on the state steel concern's performance during that period.

Mr Nigel Lawson, Britain's Energy Secretary, yesterday maintained that the 70-year-old Mr MacGregor, a Scots-born U.S. citizen, was the best man to help the coal industry tackle its prohlems of over-production and uncompetitive costs and transform itself into a successful modern industry.

Under the survival plan that Mr MacGregor announced for BSC shortly after arriving nearly three years ago, the corporation was to have reached break even this month. But the combination of the deep world recession in the steel industry, and protectionist measures in the important U.S. market, have steered the corporation disastrously off course, with losses almost as high as when Mr MacGregor arrived, and before a major manpower reduction plan was put into operation.

The announcement of Mr MacGregor's appointment brought a roar of disapproval from Labour MPs in the House of Commons, but also provoked some acid comments from Conservatives angry that no British manager was considered capable.

There was laughter from MPs on both sides of the House at Mr Lawson's repeated claim that Mr MacGregor is a Scotsman "and proud of it." Many Tories appear to agree with Mr John Smith, the Labour energy spokesman, who said: "He may be a Scot hy birth, but be is an American by choice."

Defending the £1.5m "transfer fee," Mr Lawson pointed out that the Coal Board was losing that amount of money each day. The Board has made a loss of about £480m in the current financial year which ends oo Thursday. This compares with a deficit of £428.3m in 1981–82. Mr MacGregor is to be paid £59,325 a year, the same as the present chairman, Mr Norman Siddall.

The most bitter criticism of the appointment came from Mr Arthur Scargill, president of the National Uninn of Mineworkers. "We have constantly warned that this man's missinn is to savagely butcher the British coal Industry the way he has butchered British Steel. The

Continued on Page 20

Leader, Page 18

Five groups agree on format for 8mm video

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

FOUR JAPANESE electronics manufacturers and Philips of the Netherlands reached broad agreement yesterday on a common format for 8mm video equipment. The accord, however, left open the question of the picture signal processing system to be used by the new format. This will be the subject of further discussions.

The four Japanese companies involved in the talks in Tokyo were Matsushita Electric, Sony, Hitachi and Victor Company of Japan. None of the four intends to commercialise the new system before the spring nf next year at the earliest.

The agreement calls for the adoption of the azimuth method as a processing system and for the use of both the FM (frequency modulation) and PCM (pulse code modulation) methods as sound signal recording systems. It also calls for the use of a cassette with a one-hour recording time that will be about the same size as a standard audio cassette.

Discussions on an 8mm standard for video equipment began in January last year between Philips and the four Japanese manufacturers. Initially the Japanese side seems to have taken the view that the new system should be used for video cameras only. What has now emerged, bowever, is a standard for the production of a single unit that will be both camera and tape deck. The standard incorporates alternative technologies for voice recording heads pushed hy rival Japanese companies.

Japanese electronics makers appear to believe that the new 8mm system will coexist with existing half-inch video systems and will thus not threaten the position of the VHS and Betamax "families" which now dominate the world video market.

One reason why demand for the half-inch system is expected to continue is that playing time nn the 8mm system will initially be shorter than on the half-inch system. Japanese makers also claim that demand for a combined unit incorporating a camera will be limited.

The Japanese makers appear unconcerned about the possibility that a non-Japanese company such as Philips might come out this year with a commercial version nf the 8mm system. "If one company enters the market alone demand is not likely to grow rapidly," a spokesman commented.

Guy de Jonquieres writes in London: Philips, whose V-2000 VCR system has captured nnly about 15 per cent of the European market, is an eothusiastic advocate of universal adoption of the new 8mm standard. But it has avoided saying wbether it would commit itself to large-scale production of 8mm VCRs if Japanese manufacturers hung back.

Its decision will depend partly on the nutcome of its talks on possible collaboration with the French Thomson group. Though Thomson bas supported the development of the 8mm format, its immediate plans call for production in France of systems based on the VHS

Further work needs to be done on the 8mm format before it can be used throughout Europe.

De Beers lifts diamond price

BY KENNETH MARSTON, MINING EDITOR, IN LONDON

GEM diamond prices are to be raised by an overall 3½ per cent by De Beers' Central Selling Organisation (CSO).

The increase, which applies to rough (uncut) stones marketed by the CSO on behalf of the South African De Beers and other world producers, comes into force on April 5. Prices for industrial diamonds are unaffected.

The previous price increase came in September last year and amounted to 2½ per cent overall, but it was largely borne by the smaller and cheaper gem diamonds, notably those handled by the cutters in Bombay, for which there has been a continuing good demand throughout the general recession.

This time it is believed that the price increases will spread higher up the scale. However, the very fine larger diamonds, such as those in the "investment" category are unlikely to be affected in view of the still stagnant market for these qualities.

On the open market prices of these gems in cut and polished form remain far below their 1980 peaks.

The rare, and wonderful, one-carat D Flawless quality gem, for example, was reputedly worth as much as $63,000 in 1980 but it slumped to around $15,000 last year and is now reckoned to have a value of just under $20,000.

The latest increase in CSO roughs follows better-than-expected retail sales over Christmas, particularly in the U.S., which is the major market for diamond jewellery, followed hy West Germany and Japan.

At this year's first two "sights" (CSO 10-per-year selling occasions) rough diamond sales were running at a considerably higber level than in the second half of 1982, and De Beers noted earlier this month that demand was expanding to some extent into the higher categories of diamond.

The latest price increase, though fairly modest, will thus be seen as an indication that the diamond market generally is now picking up in the wake of the U.S. economy.

This should give a further fillip to trade sentiment in both the retail end and at the cutting and polishing centres, which have had a hard time in the past two years or so.

For De Beers it points to a slowing, at least, in the growth of the group's buge burden of unsold stocks which has resulted from the CSO policy of maintaining an orderly market by regulating the supply of rough diamonds to the cutting industry.

Last year these stocks rose to R1.83bn ($1.68bn) after having doubled to R1.4bn in 1981. Total sales handled by the CSO last year picked up in the second balf to reach R1.34bn, an improvement on the R1.25bn for 1981, but well below the record R2.22m reached in 1978.

Denmark to use Eurodollar rates for U.S. issue

By Mary Ann Sieghart in London

DENMARK will break new ground in the international capital markets this week when it becomes the first foreign borrower to launch a floating rate bond issue exclusively in the U.S. market, although the interest rate will be pegged to Eurodollar deposit rates.

The issue, which will be placed privately by Salomon Brothers, the U.S. investment house, is expected to be for about $150m for seven years, and will carry interest at a margin of ½ per cent over the three-month London interbank offered rate (Libor) for Eurodollars.

Salomon Brothers says it has detected a growing demand for such floating rate paper from savings institutions and regional commercial banks in the U.S. which need a high-yielding investment to cover their liabilities from their new money market investment accounts launched for retail clients last December.

But Mr Jeffrey Hanna of Salomon Brothers in New York explained yesterday that these institutions are not familiar with the Eurobond market where such floating rate notes are common. "They have never bought Eurobonds before and feel uncomfortable with them, so the idea of a domestic floating rate note based on European rates gets over some of these problems."

Floating rate debt issues in the U.S. are in any case rare. They are usually pegged to Treasury Bill rates and launched by domestic borrowers. Mr Hanna said that the advantage of this issue to investors is that bonds based on Eurodollar rates tend to have greater price stability in secondary trading.

Denmark, whose credit rating was recently reduced by Standard and Poor's to AA+ from its top category of AAA, is using the opportunity to tap a new market for its foreign borrowing. It is also able to raise money from U.S. banks without paying a margin over the prime rate.

Earlier this month the same hybrid formula linking the Eurodollar market to the U.S. domestic credit market was used by B. F. Goodrich, the U.S. tyre manufacturer, to raise $50m. The deal was also managed by Salomon Brothers.

Capital Markets, Page 30

Left and unions attack French austerity plan

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government has come in for sharp criticism from trade unions and leading members of the Socialist party for its austerity package.

M Francois Mitterrand's Socialist-led administration has also raised a howl of protest from sympathisers, opponents and most of the travel industry against the new restrictions on foreign travel allowances.

As Parisians besieged banks yesterday afternoon to obtain foreign currency before the FFr 2000 ($275) limit on foreign travel allowances came into force at midnight, a right-wing evening paper splashed its front page with the beadline "The anger of the French."

The travel industry yesterday called nn Parisians to take part in a silent march on Wednesday to "defend the freedom of travel."

The reaction to measures widely regarded as inevitable in the wake of the devaluation of the franc has further damaged the Government's standing and will nbvinusly make more difficult the tricky task of rallying the unions and labour into accepting sacrifices.

M Edmond Maire, leader of the pro-Socialist CFDT union, said yesterday that he was in "total disagreement" with the way the measures had been put through and had profound doubts about their substance.

In January M Maire warned the Government that further belt-tightening measures would be necessary and was then denounced hy Socialist leaders for undermining the unity of the Left.

He was particularly bitter that the measures had been decided by the Government acting alone, "in haste," without consultation with the uninns. He believed that the Government had sacrificed its employment objectives.

M Henri Krasucki, head of the Communist-led CGT union, said that adjustments to the package were "indispensable." He stressed the need for economic growth and increases in "popular consumptinn." "Otherwise there will be recession and unemployment," he said.

The executive committee of a Socialist Party now hruised and demoralised by the successive shocks of an electoral reverse, a third devaluation of the franc and the adoption of a deflationary economic policy, pledged its support to the Government in a resolution adopted after its weekend meeting.

But from the speeches leaked to

Continued on Page 20

Murray warning, Page 10

Paris set to break chemical deadlock

BY DAVID MARSH IN PARIS

THE FRENCH Government is taking steps to unhlock the months-long deadlock over the restructuring of the country's mainly nationalised chemical industry. The plan was announced four months ago but has been held up because of lack of public funds.

According to reports in Paris, the Ministry for Research and Industry could soon decide to take over formally the FFr 3bn ($414m) debts of the heavily-loss making chemical division of state-owned Pechiney Ugine Kuhlmann, which is at the centre of the proposed shake-up.

Under the plan, put together after months of wearisome negotiations last November, the Pechiney unit, Produits Chimiques Ugine Kuhlmann (PCUK), is to be carved up among other nationalised companies, led hy the Elf Aquitaine oil group.

A majnr stumhling block, however, has been the size of PCUK's debts, which Elf – due to take over all the company's halogen activities a well as its research organisation – is refusing to absorb.

Already FFr 1bn of PCUK's debts are being settled by the Government under the financial plan for nationalised companies, presented last month by M Jean-Pierre Chevènement, the former Research and Industry Minister who has just left the Government.

The new Minister, M Laurent Fabius, could decide soon that the Government will also pay off the remaining debts, though over a period of years.

The Ministry said yesterday that no decision had yet been taken, although it was expected soon.

CONTENTS

Paul Betts talks to the Mayor of Dreux who has decided to resign after an election fight sullied by racism

Heat under the melting pot in a charming French town

THERE USED to be a big sign where the ships from North *Africa docked in Marseilles* greeting the immigrants with "Dreux welcomes you with open arms," an old timer from Algeria recalls. Dreux is a long *way from Marseilles but* the results of that welcome have turned it into a problem town.

Dreux sits cosily in a rural setting 55 miles west of Paris, and appears to have all the advantages of being close to the metropolis without the disadvantages of suburbia.

But this apparently charming town of 35,000 people, whose values have traditionally reflected those of the small provincial bourgeousie, is being torn apart by an issue that is fast becoming a major challenge for the Mitterrand Government—its bulging population of immigrants.

In 1977 the voters of Dreux elected a woman to be their mayor, the first in a French town of 30,000 people or more. Françoise Gaspard, at 31, was one of the glittering young socialists that President Mitterrand has sought to surround himself with.

Her family runs a small garment business in the Dreux area and from her small *bourgeois background she is* one of the few French women to have attended the prestigious Ecole Nationale d'Administration (ENA) from which *Ministers* and *high state* functionaries emerge.

Mlle Gaspard has just been re-elected major of Dreux. She won, however, by the thinnest of margins: only eight votes more than the Right-wing opposition list led by a local member of the neo-Gaullist RPR party, who teamed up with M Jean Pierre Stirbois, the secretary-general of the Front National, France's own extreme Right-wing National Front.

"It was the most vicious of all the municipal campaigns," Mlle Gaspard said, in her small flat near Dreux town hall. And, remarkably, Mlle Gaspard has now decided to step down. "I will remain on the town council but not as mayor. It is the only wa yto bring back some calm here and to reduce the tensions. There is real hatred.

"The Right broke a traditional rule of French politics in the municipal elections," she claims. "There has been a general understanding not to use the immigrant problem for political ends in France. But immigration became the central issue of the local campaign and explains why the Right did well in so many places."

Dreux was chosen by the extreme Right to be its focal *point in the election.* M Stirbois has a home near Dreux and the National Front had done well in the local elections last year, gaining more than 12 per cent of the vote. They were also fighting a woman candidate in a town which has become a classic case history of immigra*tion in France.*

"In the last 20 years the population of Dreux has tripled and not because the Dreuals made many babies," says Mlle Gaspard. Some large *industries* —Philips and Renault, among them—built facilities in the area and needed workers. They recruited them beyond the Mediterranean and the first wave of North African immigrants arrived.

> ‘It was the most vicious of all campaigns. I will remain on the town council but not as Mayor. It is the only way to bring back some calm here and to reduce the tensions. There is real hatred.’

The motor industry also used Dreux as a dormitory for the Simca-Chrysler plant at Poissy and the big Flins plant of Renault. More immigrants, this time mainly Italians and Turks, arrived to build the lodgings to house the immigrant workforce.

Then in 1962 after the independence of Algeria, came the so-called Hargis: the Algerian soldiers in the French army who had the choice of *either* leaving Algeria or being shot. Some 200 families settled in *Dreux: there are 2,000 Harkis* today. "They are French but Moselm," explains Mlle Gaspard. "But neither the French *nor the Algerians regard them* as part of their community."

The economic recession in the past two years has brought to the surface the strains of *Dreux's immigrant problem.* More than 20 per cent of the population is immigrant: 15 per cent North African, excluding the Harkis.

Dreux welcomed the North Africans in the sixties because its then mayor, M Maurice Violette, had been governor of Algeria and had close ties of friendship with the Maghreb nation, Mlle Gaspard explained.

But the immigrants have changed. The new younger generation, many born in France, also suffer from a feeling of being outcasts both in their *homelands* and in their *new adopted country.* "It explains why some take refuge in Moslem fundamentalism, since religion gives them a sense of belonging. It explains why others go off and *form gangs,"* Mlle Gaspard says.

Coupled with high unemployment, the problem suggested *that Dreux was ready to be* exploited by the extreme Right.

It duly turned on Dreux with a vengeance during the municipal election this month. In most other parts of the country, the traditional Right-wing parties refused to join (in public at least) the National Front in the lists.

But at Dreux, although the candidate of the pro-Giscard d'Estaing UDF refused to team up with the National Front, it found a ready response from the local RPR. the alliance was disavowed however by M Jacques Chirac, Mayor of Paris and leader of the RPR.

"*They pulled every dirty* trick in the book," claims Mlle Gaspard, who was shot at during the campaign. Anonymous leaflets were distributed. One said: "Young French women, Francoise Gaspard amuses you and abuses you. Tomorrow she will give your job away to an immigrant." Another claimed Mlle Gaspard had freed young North African criminals to roam about the streets. Mlle Gaspard showed a photograph of masked members of the National Front *distributing* leaflets in the streets.

"We won at the end of the day," she says. "But this town had reached a feverish pitch of *hatred. For this I felt it best to* resign. Indeed, since my gesture, the tensions have begun to drop."

What happened at Dreux was *an extreme example of the* climate of racism spreading in France, Mlle Gaspard says. "The Left has generally treated the problem in the abstract, *full of good intentions.* But something concrete must be undertaken, *especially* by the Government. The situation is very alarming, everywhere."

There have been no riots in Dreux, unlike Lyons nor bombings, unlike Marseilles. But even M Gaston Defferre, the Interior Minister and Mayor of Marseilles, has acknowledged that the situation is more complex and worrying in Dreux. There is none of the souk atmosphere of Marseilles at Dreux, but racism and feelings of hatred *have* been stirred to the point of paroxysm.

Would-be travellers rush to beat currency restrictions

BY DAVID MARSH IN PARIS

IN THE week before Easter, when the scent of holidays is in the air, President Francois Mitterrand has underlined to French people seeking sun and fun in foreign resorts that there is no such thing as a free *lunch* —whether tortilla or spaghetti bolognaise.

Just over a year after bringing in wide ranging social reforms including five weeks annual holiday for all, the Socialist Government has invited the electorate to help foot the bill—by instructing that *holidays should be spent* at home.

The draconian restrictions on tourist spending abroad brought in under Friday's package of *economic* austerity *measures* have provoked an outcry from Frenchmen accustomed by years of growing prosperity to indulge their foreign wanderlust during the *summer* months.

Yesterday in Paris queues 20 to 30 strong *formed* outside banks and money changers as would-be tourists clamoured to convert francs into foreign exchange before the restrictions took effect at midnight.

The main *money-changing* branch at the Banque Nationale de Paris in the centre of the city was reported to be close to running out of pesetas and lire; queues even lined up at the counters of the Banque de France.

The Association of Travel Agents warned that thousands of jobs were at stake among the 20,000 employed among foreign travel organisations in France. M Jacques Maillot, president of the leading travel company, Nouvelles Frontières, complained of "catastrophic" consequences. His company kept all its Paris offices open until midnight yesterday for those wishing to book foreign trips before the new rules took force.

Roughly 9m people, or around one sixth of the population, travel abroad each year. But, as one French official himself fumed yesterday, the restrictions on individuals' freedom affect even those who have no plans for foreign holidays. "I don't think tourists are responsible for the current account deficit," he said. "The measures were *drawn up by a caste of technocrats who don't understand the* important things of daily life."

France's overall "invisibles" account in tourist trade showed a *surplus of* FFr 12.5bn (£1.1bn) last year, more than 50 per cent up on 1981. Spending in France totalled FFr 45.7bn (£4.3bn) while French spending abroad amounted to FFr 33.2bn (£3.1bn) — a figure which the Government hopes the *new* restrictions will reduce by around FFr 5bn (£470m).

The measures will restrict currency spending per person to FFr 2,000 (£109) per year and FFr 1,000 per child, with an extra FFr 1,000 per person allowed in spending money in francs. Use of credit cards will be banned, although under a special dispensation, card-carrying Frenchmen already abroad will be exempted from the restriction until after the Easter holidays.

There was concern yesterday not only about holiday-making Frenchmen being stranded in Nepal or Sri Lanka but also about the effects of the rules on commercial travel. Business*men making foreign* trips judged as helping export efforts will be allowed to spend FFr 1,000 a *day.*

But the amount of form-filling needed to qualify for the extra allowance could hinder efficiency, and businessmen can easily get through FFr 10,000 entertaining foreign buyers for two days in New York, one analyst commented yesterday.

Tourist associations in countries like Italy, Spain, Morocco and Tunisia much frequented by French travellers have been shocked by the severity of the measures.

Beating prying customs officials will surely be a growth industry on France's borders this summer. Among the tips openly offered were the hiding of FFr 500 notes in socks and underwear, making use of black currency markets in Asia and Latin America and the booking of flights in "franc zone" countries not affected by the new controls.

Dutch coalition split over extra public spending cuts

BY WALTER ELLIS IN AMSTERDAM

SHARP DIFFERENCES of opinion within the ruling Dutch centre-right coalition over the extent of further cuts in public spending have shattered the harmony that was expected to prove one of the Government's main attractions.

Last week, Mr Ed Nijpels, 33-year-old leader of the Liberals, junior partners in the coalition with the Christian Democrats, threatened to withdraw his support unless an extra austerity package worth around Fl 2bn (£505m) was introduced. Some Fl 13bn in cuts for 1983 have already been announced.

Mr *Ruud* Lubbers, Prime Minister, retorted that the Government's economic and social policy must not be narrowed down to a single tactic aimed at reducing the budget deficit.

Mr Nijpels, who by choice is not in the cabinet, subsequently withdrew his threat but has *made plain that he and his six* Liberal colleagues in the cabinet still expect renewed action on spending.

To complicate matters, the arch-monetarist in the piece is not a Liberal at all, but a Christian Democrat. Mr Herman Ruding, the Finance Minister, believes that only an extra Fl 3.5bn in cuts will keep the Government's policies on target.

Last month, the Dutch Central Economic Commission of civil service heads warned that falling revenues from natural gas meant that the public sector deficit this year would rise by Fl 3bn above forecast. Additional spending cuts of Fl 7.5bn for this year and next were urged.

Mr Ruding is reported to want a 1 per cent reduction in the minimum wage, and a series of cuts in social welfare benefits, with effect from July 1, coupled with lower civil service wages, higher health insurance contributions and reductions in departmental budgets.

Soviet economic reformer honoured by Hungary

BY LESLIE COLITT IN BERLIN

HUNGARY HAS honoured a leading Soviet supporter of economic reform, indicating its hope that Mr Yuri Andropov, the Soviet leader, will launch badly needed economic reforms at home and within Comecon. The Hungarian Government has been in the forefront of economic change within the Eastern bloc and its wide-ranging programme is being studied closely by Moscow.

Mr Oleg Bogomolov, head of the Soviet Institute of the Socialist World Economy, has been received by Mr Janos Kadar, Hungary's leader, and has been awarded an honorary doctorate by the Karl Marx University of Economics in Budapest.

The Soviet economist's presence in Hungary is regarded as significant at a time when Mr Andropov has been highly critical of the performance of Soviet industry and agriculture.

Mr Bogomolov recently advocated reform of the "economic mechanisms" in Comecon and said there was a lack of "harmony" between production and consumption in several Comecon countries. Hungary is one of the few which do not have such a gap.

He noted that the demand for food could not be met in these countries and said a *new pricing* system should be introduced to stimulate output. Hungary was the first East European country *to introduce international prices* on its domestic market and thus reduce enormous government *subsidies to wasteful industries.*

It has not only solved the food supply problem at home but is an important exporter of agricultural products to the West.

Mr Kadar was one of the first East European party leaders to be received by Mr Andropov after he assumed office last year.

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Confidence vote clears way for Italian budget

BY JAMES BUXTON IN ROME

THE ITALIAN Government yesterday won comfortably an important parliamentary vote of confidence which virtually completes the approval by the Chamber of Deputies of the 1983 budget and much of the financial legislation that goes with it.

Nevertheless, the Government of Sig Amintore Fanfani can claim credit for pushing the often unpopular legislation through the lower house in record time, considering that much of it was introduced some weeks after the Government came to power at tha beginning of December.

This speed is mainly due to the ruthlessness with which the Government has been prepared to attach the approval of much of the legislation to public votes of confidence. This obliged its supporters to back the Government and prevented too much amending of legislation to allow for extra spending. It also helped defeat a campaign to delay the legislation by four left-wing and right-wing parliamentary groups.

In the past few days, the Government also received unexpected help from Sra Nilde Jotti, the Communist president of the Chamber of Deputies, who cited the urgent economic situation to use powers (never previously employed) to rule out of order hundreds of obstructive amendments put down by the opposition.

The budget and tho Finance Bill, as well as decrees on specific measures which havo already been passed, fix government spending for 1983. Thoy also contain specific measures intended to hold down the public sector borrowing requirement to last year's level in money terms of L71,000bn (£33.3bn) or just under 14 per cent of gross domestic product.

But some of the measures which were announced in two sets of revenue-raising measures at the turn of the year havo yet to be approved by Parliament. They include a proposed "one and for all" tax intended to raise L2,500bn (£1.17bn).

In addition little has been done to correct a trend which suggests that the PSBR this year will exceed its target by somo L7,600bn (£3.5bn) and it has not been possiblo to cancel the effects of parliamentary defeats which added L740bn (£347m) to this year's spending allocations.

The Government is already concerned thet even though it stands a chance of meeting this year's PSBR target, next year's deficit could again soar in real terms, in the absence of serious surgery on spending as opposed to measures mainly increasing revenue.

Foreign exchange brokers jailed for Herstatt fraud

BY JONATHAN CARR IN BONN

THREE FOREIGN exchange brokers who worked for the Cologne-based Herstatt Bank, which collapsed in 1974 with losses of around DM 1.2bn (£340m) has been given prison terms for frand. The defence promptly announced it would appeal.

The sentences passed yesterday hy a Cologne court are the first to emerge since the trial of those allegedly involved in the bank's downfall began four years ago.

The longest sentence—of seven-and-a-half years—went to Herr Norbert Arden, aged 46, formerly a freelance foreign exchange broker in Frankfurt.

Another broker, Herr Bruno Heinen, 40 was sentened to four-and-a-half years imprisonment and the third, Herr Bruno Bläser, 44, was given three years and nine months.

The court found that the accused had cansed big losses to Herstatt, and made large sums for themselves, by fraudulent foreign exchange manipulation so refined that it remained undiscovered for years.

The prosecution had argued throughout that the sentence finally passed had to be severe enough to deter other potential "white collar criminals" in the banking sector.

However, Herr Heinen and Bläser were both released from custody at once, pending the defence appeal, and Herr Arden was being freed shortly on payment of DM 1m bail.

Yesterday's judgment is only the latest event in the tangled saga since Bankhaus I. D. Herstatt closed its doors on June 26, 1974, admitting that foreign exchange transactions had "appeared incorrectly" on its books.

The event sent shockwaves through the international banking community, led to a change in German banking law and brought lengthy and complex liquidation proceedings.

The trial of those charged in connection with the bank'a collapse finally began in 1979—but two of the key defendants were released on modical grounds shortly afterwards.

The head of the bank, Herr Ivan Herstatt, produced reports saying he had serious heart tronble while the bead of the foreign exchange department, Herr Dany Dattel, was said by doctors to be liable to suicide attempts.

Last March the court decided to split tho trial into two parts believing — as events have proved—that a judgment could be more quickly reached over the three foreign exchange brokers.

Proceedings are continuing separately against three former members of the bank's senior management, Count Bernhard von der Goltz, Herr Heinz Hedderich and Herr Kurt Wikkel.

Pravda says weapon plan violates space pact

THE U.S. is violating the spirit of a 1967 treaty on space exploration by making plans to deploy a futuristic anti-missilo defence systom in outer space, according to tho Soviet Communist Party Daily Pravda yestorday, AP reports from Moscow.

The authoritativo party newspaper said that tho arms race in space "is becoming ono of tho main linos of struggle" between tho superpowers.

"This courso," Pravda added, is "tantamount to the violation of the 1967 treaty on principles guiding the activity of atates in explorations and use of outer space" and "createa a threat of strategic destabilisation."

The newspaper claimed that Moscow had proposed a United Nations agreement two years ago that would ban "deployment for outer spaco of weapons of any type" but that its efforts to achleve such an agreemont had been thwarted by Washington.

Pravda repoated allegations voiced by Mr Yuri Andropov, the Soviet Leader, in an interview with the newspaper Sunday that American plans for a sophisticated anti-missilo defenco in space were part of tho Pentagon's strategy aimed at launching a nuclear first strike.

Bridget Bloom writes: The British Govornmont would neither confirm nor dony yesterday that Mrs Margaret Thatcher, the Prime Minister, had received a letter from President Ronald Reagan outlining new U.S. proposals to limit medium-range nuclear missiles in Europe.

It has been widoly reported over the past week that the U.S., under pressure from its European allies, is ready to put forward new proposals at the Geneva arms control talks which would fall considerably short of the zero option. This, which envisages no deployment of new U.S. cruise and Pershing 2 missiles in return for the dismantling of 500-600 Soviet missiles, has been rojected by the Soviet Union and has led to stalemate at the Geneva negotiations.

Mr Reagan is believed to have written last week to key Nato heads of government detailing his administration's new proposals.

President Reagan is expected to present the new plan in this light on Thursday in a speech in Los Angeles. According to officially unconfirmed reports, Mr Paul Nitze, leader of the U.S. delegation in Geneva, will table the new proposals this morning at what is scheduled to be the last session in the current round of the negotiations.

According to reports from Washington, President Reagan will not mention specific numbers in his speech on Thursday. However, it is thought that the U.S. will propose that the U.S. and the USSR should establish ceilings on the number of medium range missiles in Europe. It has been suggested that the limit might be 300 warheads for each sido.

● The Belgian Government has provisionally selected an air base 65 kms (40 miles) south of Brussels as the deployment site for U.S. Cruise missiles, Defence Ministry spokesman Col Willy de Meuleneore said yesterday, writes AP from Brussels.

Moscow throws line to struggling Yugoslavs

BY ALEKSANDAR LEBL IN BELGRADE AND DAVID BUCHAN IN LONDON

YUGOSLAVIA is turning its political non-alignment to good economic advantage, with the Soviet Union now clearly seeking to match, to some degree, tho financial rescue effort being mounted by Western governments and banks.

This is the overall conclusion being drawn from last week's successful visit to Belgrado by Mr Nikolai Tikhonov, tho Soviet Prime Minister, who promised increased trade and oil shipments, while refraining from using his trip to attack Western policies in a way which has ombarrassed Yngoslav leaders in tho past.

A complex rescue package for Yugoslavia, which has severe difficulties in servicing its $19bn foreign debt, is being put togethor by Western-based institutions. It involves loans from tho International Monetary Fund, the Bank for International Settloments, rescheduling and fresh loans from commorcial banks, and a special $1.3bn contribution from 15 Nato and neutral govornmonts.

If some Yugoslavs were worried that acceptance of Western government aid, in particular, implied a tilt in their country's non-alignment, this concern will be allayed hy what Mr Tikhonov had to offer:

● A 20 per cent increase, to 6.35m tonnes, in Soviet oil shipments this year. Tho benefit to Yugoslavia is that it pays for this oil, albeit at world prices, in barter under its regular bilateral clearing arrangement with Moscow.

● A promise to fulfil, and maybe improvo on, the $7bn target set for total Soviet-Yugoslav trade this yoar. Yugoslav officials had been concerned that Soviot shipments might be decreased.

Tho joint communique at the ond of the visit said co-operation should be increased in the areas of nuclear power, electronics, industrial robotics, food processing, construction and transport. Mr Tikhonov also signed a contract for 24 small ships worth $180m.

Yugoslavia tries to maintain a spread in its trade to buttress its political non-alignment. Last yoar, its trado was 41 por cent with tho industrialised West, 42 per cent with Comecon and 17 per cent with the Third World. Tho Tikhonov agreements could increase Yugoslavia's commorcial dependenco on tho East—one third of its trade is already with tho Soviot Union alone. But the Yugoslavs hope to offset this with ovon faster growth in trado outside tho Comocon bloc.

In contrast to Mr Andrei Gromyko, the Soviet Foreign Minister, who visited Belgrado last year, Mr Tikhonov kept his criticism of Western and U.S. policies within what this Yugoslav hosts considored acceptable limits.

He said it was the "deeply sincere" Soviot wish to see Yugoslavia "a strong united and prosperous country, constructing socialism," echoing Westorn governments who, of course, omit the words socialism.

Many observers in Belgrado attributo theconciliatory Sovlot attribute tho conciliatory Soviet which Yugoslavia has gained from tho current Western show of support for it. Othors, bowevor, believe that tho Kremlin considers post-Tito Yugoslavia less important internationally and therefore less of a nuisance.

They point to the fact that the Soviet Press these days plays down Yugoslavia's intornational activities and, in its reporting of tho non-aligned summit in Now Delhi last month, mado virtually no montion of Yugoslavia.

Strikes hit banks in Spain

By Our Madrid Correspondent

TENS OF thousands of Spanish bank workers yesterday staged the first day of a strike ovor pay which is set to last until the start of the Eastor holidays on Thursday. Bnt hanks claimed they were able to offer more or less normal services.

Unions contended that the strike turnout was as high as 85 per cent, against the banks' claim that it was no more than 15 per cent.

The strike comes amid a wave of protests coinciding with sector-by-sector pay talks. These are being held within the framework of a national agreement between unions and employers setting a basic band of increases of between 9.5 per cent and 12.5 per cent for this year.

Spanish companies offered deal on debt

BY DAVID WHITE IN MADRID

HARD-PRESSED Spanish companies have been offored a doal by the Government on their outstanding dobts to tho social security system, estimated to amount to Pta 832bn (£4.16bn). This is equivalont to 30 per cent of the country's total social security hudget for this year.

The government decree, aimed at defusing an olement of tension with employers' organisations, allows the companies, once they have acknowledgod thoir deht, to nogotiato paymont hy instalments over a period of up to three years. Intorest is set at the Bank of Spain base rate of 8 per cent.

The relief moasure comes after a fraud scandal in Barcelona, where more than 30 company officials have been arrested in recent weeks on charges of falsifying thoir social security declarations. The wavo of arrests sparked off counter-charges hy employers that the Government was "persecuting" the private sector.

The failure of many companies to pay thoir full contributions shows the delicacy of their current financial situation. The debt is reckoned to have increased by at least Pta 200bn in the course of last year. A considerable part of the total registered as hoing owed to the social security system corresponds to companies undergoing bankruptcy proceedings, or which have been wound up.

Under the decree, companies havo until the end of May to accept the deal.

Killings and kidnaps raise Basque tensions

BY OUR MADRID CORRESPONDENT

TWO MORE police deaths and two unsolved kidnappings have brought a fresh wave of tension in Spain's Basque country, underlining the failure of the four-month-old Socialist Government to curb terrorist violence.

Sr Jose Barrionuevo, tha Interior Minister, went to San Sebastian yesterday for tha funeral of a police bomb disposal expert killed by an explosion on Sunday. Responsibility for the bomb, which seriously injured another policeman was claimed on behalf of Eta, the separatist organisation.

This followed the shooting of a policeman in a van on Friday and brought to seven the number of deaths attributed to Eta in the past two months. Terrorist activity resumed after a lull in January, when leaders of the regional government tried unsuccessfully to get peace talks under way between the Conservative Basquo Nationalist Party, the Socialist Party, and Eta's political front, Herri Batasuna.

The Government has offered Pta 20m (£100,000) reward for information on the kidnapping last week of Sr Jesus Guibert, a local industrialist, and that of Sr Diego Prado y Colon de Carvajal, a banker, in Madrid on Friday.

Several thousand police were being deployed in the search for Sr Guibert, who is held, apparently by the autonomous Anti-Capitalist Commandos, an extremist splinter group.

OVERSEAS NEWS

Palestinian schoolgirls 'were not poisoned'

By Patrick Cockburn in London

THE ISRAELI Health Ministry yesterday insisted that no evidence of deliberate or inadvertent poisoning in several schools on the West Bank had been discovered after an outbreak of sickness among some 250 Palestinian schoolgirls at the weekend. They are suffering from nausea, fainting and partial blindness.

There have been accusations that they are the victims of Israeli or Arab extremists. The outbreaks of sickness, at a number of West Bank schools, has stirred up rioting and has increased tension in the area. Tomorrow Palestinians celebrate "Lan Day," which commemorates the death of six Arabs in anti-government riots in 1976.

Meanwhile, there is little sign that Mr Philip Habib, the U.S. special negotiator, is having much success in persuading the Israelis to withdraw from Lebanon.

The sticking point is that the Israelis want Major Saad Haddad to remain in control of his militiamen in southern Lebanon, even if his forces are amalgamated into the Lebanese army. The Lebanese Government regards Major Haddad as an Israeli surrogate

New outbreak of violence in Assam

By K. K. Sharma in New Delhi

A BOMB exploded yesterday in the heart of Gauhati, capital of the strife-torn north-eastern Indian state of Assam – destroying a government building. The attack came a day after student leaders announced the decision to suspend their agitation from April 1.

Prime Minister Mrs Indira Gandhi is to visit Assam for three days on Wednesday and the students plan to demonstrate against her.

The students are pressing for the identification and deportation of "foreigners" (mainly Bengalis from Bangladesh and West Bengal) who, they claim, are swamping Assam culturally and economically. The recent violence during the elections to the state assembly led to more than 3,500 deaths.

Early cut likely in Japanese discount rate

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

AN EARLY reduction of between half and one percentage point in the Bank of Japan's discount rate has emerged as a strong probability following a meeting yesterday between Mr Haruo Maekawa, Governor of the Bank of Japan, and Mr Yasuhiro Nakasone, the Prime Minister. The rate currently stands at 5.5 per cent.

Mr Nakasone took pains at the meeting to stress that a decision on cutting the rate is up to the Bank of Japan. This does not alter the fact that the Government hopes to include a substantial discount rate cut in a package of relation measures to be introduced next month after the 1983 budget passes the Diet (parliament).

A senior Bank of Japan official yesterday denied that the bank had reached any decision on the discount rate but volunteered the opinion that the current level of real (net of inflation) interest rates in Japan is abnormally high.

The official also stressed that the Bank of Japan's most recent survey of business conditions revealed "disappointment" among company presidents about the recent performance of the economy.

The Bank of Japan has held the discount rate at 5.5 per cent since December 1981, when the rate was cut by 0.7 per cent, despite the fact that the inflation rate has subsided significantly since then.

Mr Nakasone

The Bank's reluctance to shift the rate appears to be based on a fear that any reduction in the current level of Japanese interest rates might precipitate a flow of capital out of Japan which could seriously weaken the yen.

Heads roll at Hitachi over IBM 'secrets plot'

BY JUREK MARTIN IN TOKYO

HITACHI HAS either demoted or reassigned four staff members allegedly involved in a plot to steal trade secrets from International Business Machines.

The Japanese company's action comes two weeks before the April 9 deadline for settlement of the civil suit brought by IBM against Hitachi, which two months ago pleaded guilty to criminal charges that it had conspired illegally to obtain computer secrets from the U.S. industrial leader.

The principal head to roll was that of Mr Yasukichi Hatano, previously group executive director in charge of computer operations: he remains a director but without specific portfolio. Mr Kisaburo Nakazawa, previously general manager of Hitachi's mainframe computer plant at Kanagawa, has been moved to the general corporate staff in Tokyo.

The two Hitachi engineers arrested by agents of the Federal Bureau of Investigation (FBI) in the act of receiving IBM documents, Mr Kenji Hayashi and Mr. Isao Ohnishi, have been transferred to the company's personal computer plant in Yokohama from the Kanagawa plant and from sofeware operations respectively.

Manila aims to boost international reserves

By Leo Gonzaga in Manila

THE PHILIPPINES' central bank yesterday announced a plan to boost the country's international reserves and make the local investment climate more attractive.

Sr Jaime Laya, the bank's governor, said the bank would set up a subsidiary to buy properties which foreigners could lease rent-free. The properties would include houses and lots for expatriates and business offices and industrial plant sites for foreign companies.

In each case, the foreigners would have to bring in foreign exchange to cover the cost of acquisition plus what the Governor calls "out-of-pocket" costs.

Foreigners would not own the property. Interest earnings from the inflow of foreign exchange would take care of the rent forgone or waived.

The plan, which has been approved by President Ferdinand Marcos, stipulates that if and when the foreign individual or entity using the leased property wanted to repatriate the money spent on the original investment, the foreigner would have to find a buyer and the transaction would have to be approved. If the transaction resulted in capital gains, the foreigner would have to pay the tax.

The plan is a response to the U.S., European and Japanese Chambers of Commerce which have complained that when foreigners renew leases with private property owners, rents are raised "many times" over previous levels

Investment in Indonesia still buoyant

By Richard Cowper in Jakarta

OVERSEAS companies continued to commit themselves to a high level of investment in Indonesia last year, even though the economy weakened overall.

Figures released by Indonesia's Investment Co-ordinating Board (BKPM) show that net foreign investment approvals outside the oil sector last year rose by 11 per cent to slightly over $1.3bn.

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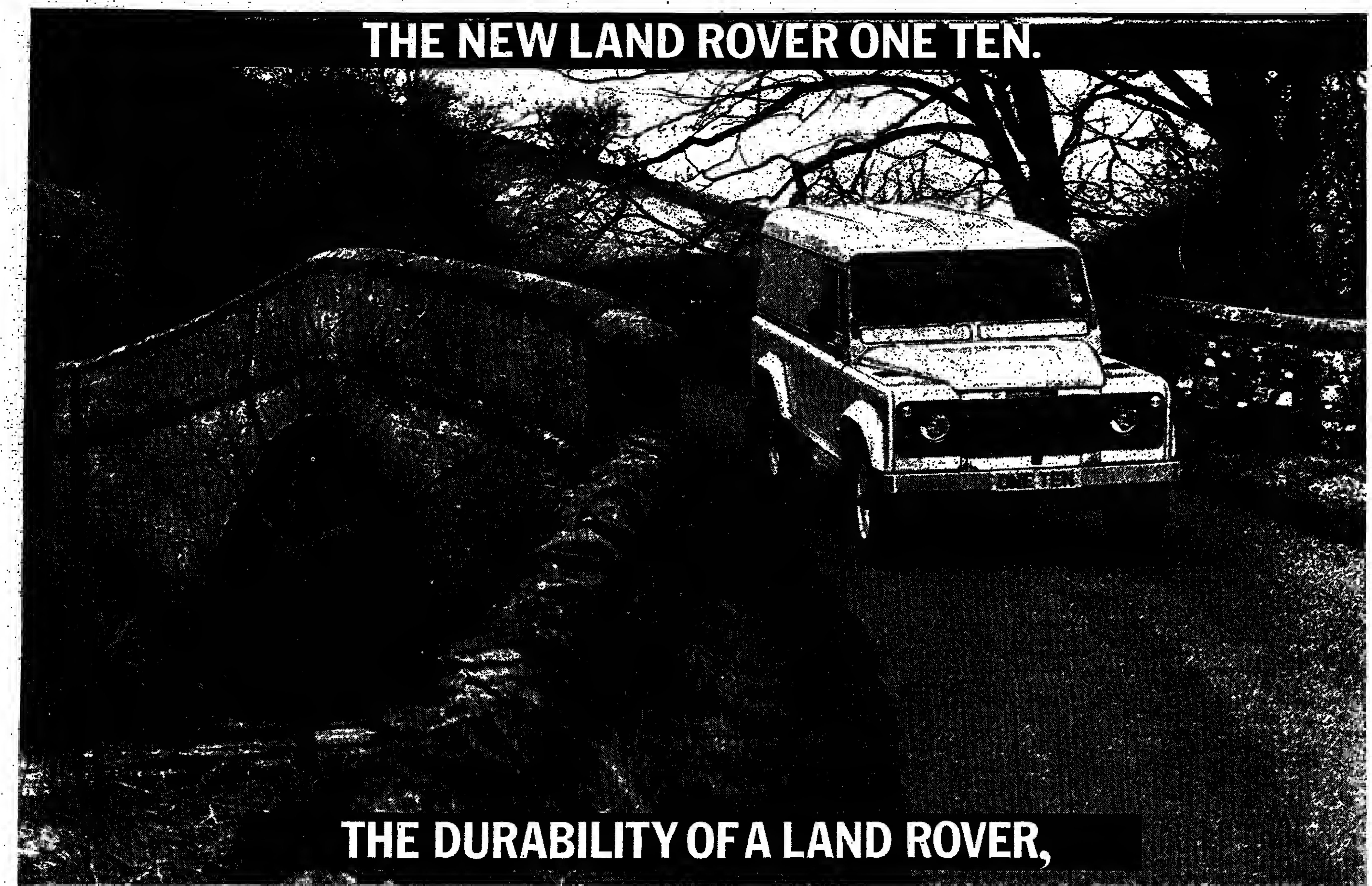
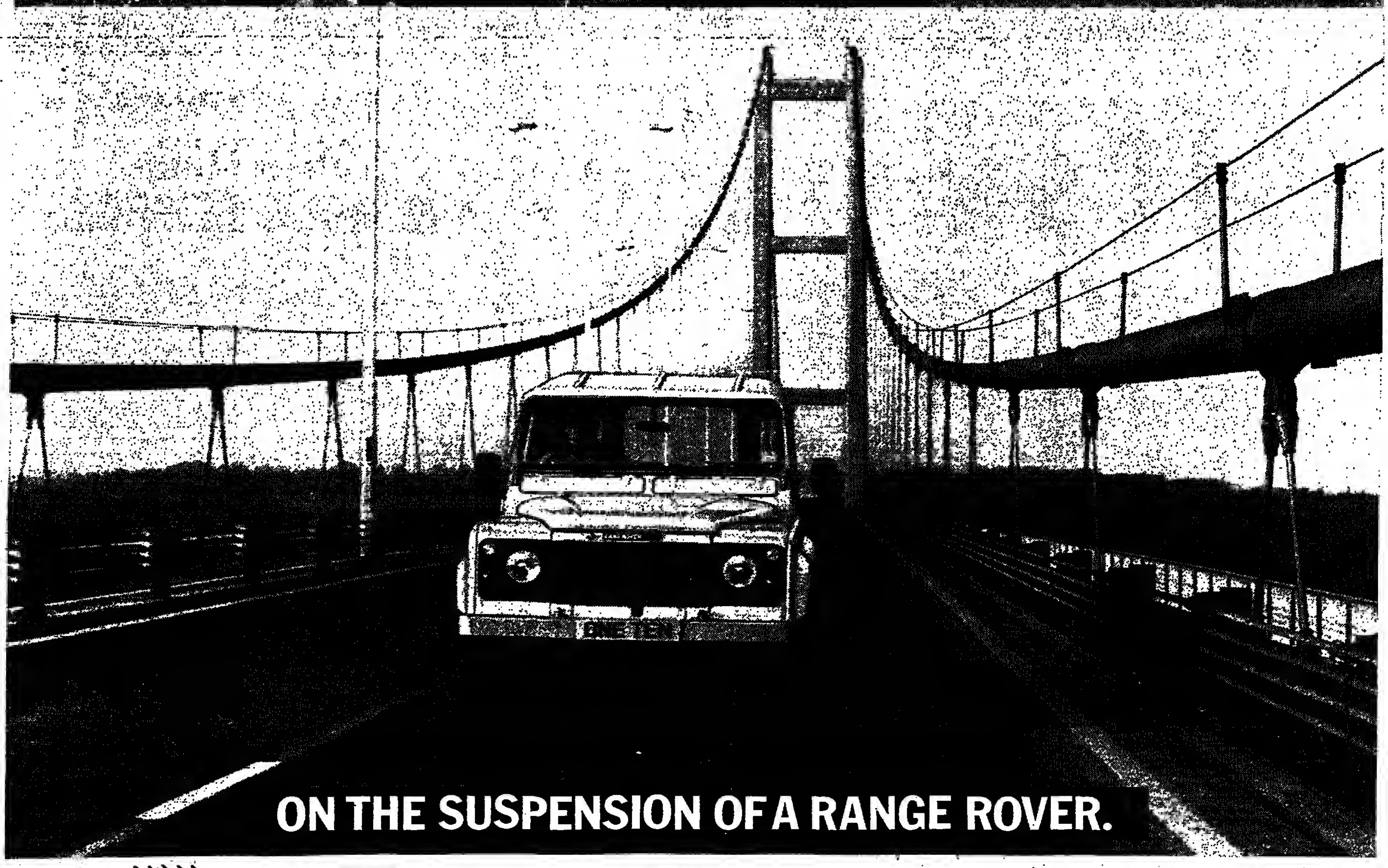




Chile bid to hammer out rescheduling agreement

By Peter Montagnon, Euromarkets Correspondent

CHILE YESTERDAY began a crucial round of talks with its leading commercial bank creditors aimed at hammering out an agreement on its request for \$3.5bn (£2.4bn) of debt to be rescheduled and for \$1.2bn in fresh loans this year.

The talks in New York, which are chaired by Manufacturers Hanover, are expected to last at least until mid-week. Some bankers said yesterday that a deadline of Friday has been set and the talks will continue until it is reached.

As the meeting opened, however, there was still evidence of potential differences between the two sides on three crucial issues.

● The banks were expected to seek margins of around 2¼ per cent over Eurodollar rates or 2¼ per cent over prime for rescheduling debt falling due this year and next.

Proposed margins for the \$1.2bn new loan were 2¾ and 2¼ per cent respectively, but in both cases the Chilean team led by Sr Tomas Müller, a former vice-chairman of Banco de Chile, is expected to resist on the grounds that the margins are too high.

● Still unclear is the degree to which the Chilean authorities will take responsibility for private sector debt. This is vital to the banks as two-thirds of Chile's \$17.2bn foreign debt is owed by its ailing private sector.

● The banks will also want detailed explanations from Chile about how it intends to stick to the targets outlined in its newly renegotiated \$875m International Monetary Fund loan programme. Without IMF support for Chile, the banks will not agree to a rescheduling or new loans.

Chilean officials said at last week's Inter-American Development Bank (IDB) meeting in Panama that the only substantial change in the IMF programme is an increase in the permitted fiscal deficit to 2.3 per cent of gross national product from the original target of 1.6 per cent.

This means that Chile will still have to restore its reserves to the originally targeted level of \$2bn, after heavy outflows in January and February saw them drop by \$840m to \$1.74bn.

William Chislett in Managna reports on attempts to rebuild the country in the face of a counter-revolution

The 'invisible war' that Nicaragua can do without

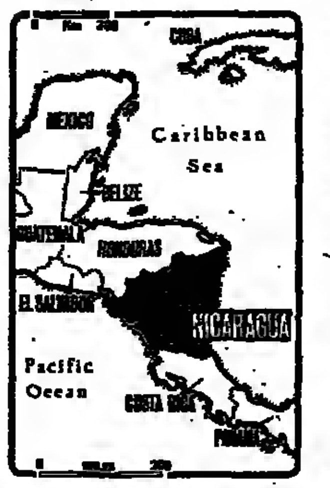
THE FOREIGN visitor to Nicaragua, which is facing an escalated counter-revolutionary offensive, is greeted at the airport, not by gun-toting soldiers, but by a lady of wide girth behind the central bank counter keen to ensure that everybody changes \$60 into Cordobas at the official rate of 10 Cordobas to the dollar.

She has every reason to look content, in stark contrast to the pained expression of long-time visitors. The parallel market rate is 28 and on the black market a dollar buys 60 Cordobas. Nobody changed a cent more than was necessary.

The obligatory changing of \$60 every time a foreigner enters the Central American republic is effectively a "revolutionary" tax. Nicaragua, which has been ruled by the Left-wing Sandinistas since 1979 when they overthrew the conservative dynasty of General Anastasio Somoza, is extremely pinched for dollars to meet its economic and war needs.

International prices for its cotton and coffee exports are low and the Sandinistas inherited a large foreign debt. Hotels and international telephone calls also have to be paid for in dollars.

Once through the airport and on the way to the centre of Managua, the capital, it is clear from the numerous slogans that the country is on the defensive. "No pasaran" (they will not pass), referring to the counter-revolutionaries, is daubed across walls along with denunciations of "Yankee imperialism." Nicaragua accuses the U.S. of backing the counter-revolution.



Most of the counter-revolutionaries are former members of Gen. Somoza's National Guard, several thousand of who managed to flee into neighbouring Honduras from where they have penetrated mountainous Nicaraguan territory.

Four years ago the airport road, which cuts through the main industrial sector, was little more than a bumpy dirt track. Many factories were charred ruins. Today the road is smoothly paved, some factories have been rebuilt and streets bear the names of Sandinistas killed in the civil war.

News of the counter-revolution, in which more than 250 people on both sides have been killed in the past two months, has brought the world's Press to the pyramid-shaped Intercontinental Hotel, a stone's throw from Gen. Somoza's old bunker, now a Sandinista barracks.

U.S. television crews sit round in the lobby complaining that the Defence Ministry will not let them visit the combat areas. They conclude that this will be another "invisible war" covered, like the Falklands battle from a distance.

The Defence Minister, Commandante Humberto Ortega, gave a detailed explanation of the counter-revolution and displayed captured weapons and blow-up photographs of the main enemy leaders with their code names. "Good God," exclaimed the man from the Daily Telegraph, rather too loudly for the comfort of colleagues. "I met that one on Honduras. So his code name really is suicide."

Later, the police took over the soft drinks plant which makes Coca Cola under licence. A photograph of the plant's manager, who left Nicaragua last month, was among the pictures displayed. The factory gates were closed and nobody was allowed in. A phone call to the manager's office was answered by a man announcing himself as the new manager. "I am a bourgeois," he said, "but the plant should belong to the people. We have been financing the counter-revolution."

Nearby is Tabacalera Nicaraguense, the local subsidiary of the British American Tobacco Company. Under Gen Somoza the firm produced 12 brands of cigarettes. Now, because of a shortage of imported cellulose to make filters, it is only selling one brand with a filter, made from local tobacco stem, and another without a filter.

Sandinista reservists on patrol

Nicaraguans, who prefer the filtered brand, joke that they now have a cigarette which they can light at both ends. Soon there may be only one filterless and classless brand, as in Cuba.

Petrol is rationed to 20 gallons a month, and there are queues of more than 100 cars outside most petrol stations. The war psychosis has made people fill up their tanks and hoard, especially before the Easter holiday.

Soap, flour and cooking oils are now also effectively rationed. The state has taken over the distribution of these items which are rarely available in shops. But the diplomatic community, which is now predominantly from socialist bloc countries, is not suffering. The Government has opened a shop for diplomats, discreetly located inside a house, with piped music and a display of imported goods.

But neither the war nor the economy are the main topics of conversation. People are still talking about the controversial visit by Pope John Paul two weeks ago when there was a political confrontation during his mass between the Marxist-orientated Sandinista-backed "people's church" and the traditional church. The latter has become a channel of dissent for the more conservative sectors of society disillusioned with the Sandinista Government. The Pope said there was only one church, and it was the present one, headed by the bishops.

A visit to Radio Católica, which belongs to the Managua archdiocese, confirmed that the divisions between the two churches are now more open than ever.

The station is run by Father Bismarck Carballo, who appeared nude on Nicaraguan television last year in an incident which the church has said was set by the Government to discredit him. The church says that he and a woman whom he visited for pastoral reasons were forced to strip naked. He ran into the street just as a demonstration covered by television, was passing by.

The priest said that since the Pope's visit the radio station was more rigidly censored. All programmes, he said, now had to be presented in writing, including the text of the Sunday mass, 24 hours before they were aired.

"It's like asking a newspaper to present its copy on cassette," he said. The church was not prepared to submit its mass programme to prior censorship.

Managua puts 'U.S. arms' on display

By Tim Coone in Managua

THE NICARAGUAN Government has again accused both the U.S. and the Honduran army of supporting the right-wing guerrillas at present fighting Government forces in the north of Nicaragua.

To support the claim, the Nicaraguan Ministry of the Interior yesterday put on display scores of U.S.-made automatic rifles, mortars, rockets, grenade-launchers, ammunition and other military equipment captured from the counter-revolutionaries in the past two weeks. The rifles bore the stamp "Property of U.S. Government."

The Interior Ministry also presented two prisoners who had been captured in Nicaragua in mid-February, to answer journalists' questions.

One of them, a Guatemalan, said he had been working with Honduran Military Intelligence since 1979 to help in co-ordination and organisation of the counter-revolutionary groups based in Honduras.

He claimed there was close co-ordination between the counter-revolutionaries of the FDN (Nicaraguan Democratic Forces), the Honduran army, and agents of the U.S. Central Intelligence Agency.

The other prisoner, captured on February 19, three days after he had infiltrated into Nicaragua from Honduran territory, said guerrilla units inside Nicaragua were receiving supplies by helicopter from Honduras.

Both prisoners said that morale was low in their units and that there were many arguments amongst the guerrillas. It was apparent from their statements that the counter-revolutionaries had entered Nicaragua in the clear belief that they were mounting a major and decisive offensive to gain control of large areas of territory.

Latest reports on the fighting suggest that it is now being contained in the northern province of Nueva Segovia, near the Honduran frontier, and close to the town of Wiwili, Murra, San Antonio, and Santa Clara.

The Government claims to have dispersed most of the 1,500 troops that have infiltrated over the past couple of months, and to have inflicted heavy casualties on them.

Caracas move to aid companies

BY KIM FUAD IN CARACAS

MAJORITY foreign-owned companies operating in Venezuela have been made eligible for a preferential exchange rate to pay estimated foreign debts of \$2bn (£1.4bn) under a reform of the country's multiple exchange rate system.

Private businesses—including companies with equity more than 49 per cent foreign owned—may now use a rate of Bolivar 4.30 to the dollar to repay foreign debts contracted before February 18, the Government decided over the weekend.

The Venezuelan private sector, which has foreign debt totalling \$8bn, had earlier faced the possibility of having to use a floating rate of around Bolivar 8 to the dollar for repayments.

The Government's initial inflexible treatment of the private sector's foreign debt had caused a major controversy here, with businessmen warning that it would bring about a collapse of private business activity in the country.

The reversal of earlier restrictive decrees is seen as a response to both local protest and complaints of discriminatory treatment of foreign companies made by international banks which are now negotiating the refinancing of about \$10bn of Venezuela's short-term public-sector foreign debt.

Sr Arturo Sosa, the Finance Minister, is reported to have left for New York on Sunday to renew talks with international banks next Wednesday.

Argentine strikers defy ban

BY JIMMY BURNS IN BUENOS AIRES

THE REAPPEARANCE of Argentina's General Confederation of Labour (CGT) as one of the most powerful political forces in the country was confirmed yesterday with the virtual success of a 24-hour general strike in open defiance of a Government ban.

In Buenos Aires, where over one-third of the country's population of 28m live and work, commercial life was disrupted from Sunday evening as the bulk of the workforce in the mainly state-controlled transport sector headed the strike call.

In spite of the Government's declaration of the strike as illegal and threats of massive arrests, there were also widespread walkouts in factories surrounding the capital and the northern city of Cordoba.

A skeleton staff at banks and exchange houses, a limited number of taxis and privately-owned buses, and some offices in the city centre kept on working.

The strike, which has the backing of the moderate and hardline branches of the CGT, was originally called in protest against the Government's economic policies.

Union leaders, under pressure from their rank and file, have rejected a Government offer of 12 per cent increase in workers' take-home pay and a new minimum wage.

The unions have been pressing for increases of up to 30 per cent for state and private sector workers.

Underlying yesterday's action—the second general strike in four months—is the growing political opposition to the military régime.

Peugeot to double output of vehicles at Tunisian plants

BY PAUL BETTS IN PARIS

THE French Peugeot car group is to double its annual production in Tunisia from ebout 7,500 vehicles to 15,000 vehicles by next year.

This follows an agreement by the large private French motor group and the Tunisian authorities involving new investments jointly undertaken by Peugeot and a group of Tunisian banks and the Tunisian state car company STIA worth about FFr500m (about £47m).

The French group will assemble at a new facility now being completed in Tunisia 10,500 Peugeot vehicles and 4,500 Citroen vehicles a year. The French group will bold an 8.33 per cent stake in the assembly plant whose expanded capacity is scheduled to come on stream next October.

The Peugeot group will also jointly invest with its Tunisian partners in e new facility to be built in Tunisia for the manufacture of automobile components. This is due to be completed in the middle of 1985. The French company will own 40 per cent of the plant with the majority 60 per cent held by the Tunisian partners.

The agreement will enable Peugeot to maintain its lead in the Tunisian market at a time wben General Motors and Isuzu of Japan are teaming up to build a small trucks facility at the holy city of Kerouan and rival Renault of France is also in the process of investing in e components plant.

Peugeot is understood to have had little choice but to invest directly in Tunisia if it were to retain its strong market share. The Tunisian authorities have been increasingly pressing foreign companies to boost investments locally to increase employment.

As a result of tha agreements with Peugeot, some 1,400 new jobs wil be created in the North African country. At the same tima, the increase in production for the Tunisian market will increase Peugeot jobs in France.

David Housego adds: French car production rose 14 per cent in February compared with a year ago, reflecting an improved performance in export markets.

According to the Motor Industry Federation which released figures yesterday sales abroad should continue to make headway in the coming months as a result of the devaluation of the franc and the recovery of demand abroad.

New registrations, however, were down 3 per cent in France on a year ego reflecting the slowdown in household incomes. Importers continued to push up their market share capturing 34 per cent of the domestic market in the first two months of the year.

In February domestic sales of French made cars fell by 9 per cent from e year ago to 100,503 units while sales of imported cars rose 12.5 per cent to 47,413 units.

Total production of cars (involving the Peugeot and Renault groups) reached 255,158 for the month.

Australia, New Zealand sign trade treaty

BY MICHAEL THOMPSON-NOEL IN SYDNEY

A TREATY defining closer economic relations between Australie and New Zealand, which calls for the phasing out of bilateral trade barriers over the next 12 years, was signed yesterday.

The agreement has been in effect since the start of the year, but its formal signing was delayed because of the recent Australian general election.

The treaty is designed to fecilitate trans-Tasman trade, though it is not seen as leading to closer political and financial ties between Canberra and Wellington.

However, both countries are broadly interested in general investigation of means to foster wider co-operation betwaen trading partners on the Asian rim of the Pacific, including Japan, Indonesia, South Korea, Malaysia, Hong Kong, the Philippines, Singapore and Thailand.

Although the scope for achieving far reaching Pacific trade initiatives is considered slim, at least in the short term, ways to foster general co-operation in the area were discussed at a top level conference in Hobart at the weekend, attended by ministerial representatives, top businessmen and academics.

Brazil and Spain plan warship venture

By David White in Madrid

SPAIN IS negotiating a project to build warships in Brazil for Latin American and African markets.

The Spanish state-owned naval shipyard, Empresa Nacional Bazan, is planning to set up a joint venture to make ships in collaboration with the Brazilian navy in the state of Bahia.

During an official visit to Brazil earlier this month, the Spanish naval chief of staff, Admiral Saturnino Suanzes, said Spain was ready to transfer technology in this area.

Sr Felix Alonso-Majagranzas, the chairman of Bazan, has expressed bopes that a joint company, Construcoes Navais de Aratu, can be set up before tha end of the year.

Bazan, which is fully-owned by the state holding company Instituto Nacional de Industria, exported about 25 per cent of its production in 1981. It recently delivered a corvette to Morocco and is in the process of delivering a series of six coastguard vessels to Mexico.

The proposed deal comes as Spain is showing concern about the evolution of its trade with Brazil. Overall trade between the two countries is reckoned to have declined last year, with a growing deficit on the Spanish side. Spain's exports to Brazil are estimated at $70m, against imports of $340m.

Direct Spanish investment in Brazil meanwhile fell last year to Ptas 1.4bn ($10.4m) from Ptas 1.6bn in 1981.

Turks to build Land Rovers

Turkey's Hema company has signed a license deal to produce BL Land Rover vehicles locally, Anka Economic News Agency reported yesterday, AP reports from Ankara.

Under the agreement, Hema would manufacture a wide variety of vehicles for both civilian and military use, including ambulances, police and fire squad vehicles and passenger cars, the agency said.

The output of the plant, expected to start up in 1984, would meet domestic demand, and be exported elsewhere in the Middle East.

Christian Tyler reports on trade relations with Pacific Rim countries

British Columbia's Oriental alternative

PHYSICALLY separated by the great Rocky Mountain chain from the rest of Canada, the 2½m people of the province of British Columbia tend to look south to California and west across the Pacific for both pleasure and business.

The province's "orientalism" and its strategic position as the western outlet for exports have now been formally recognised by a federal government whose trade relations with Canada'e natural economic partner, the U.S., are going through another prickly patch.

Following a tour of south-east Asia, Mr Pierre Trudeau, Canada's Prime Minister, this month designated Vancouver the beadquarters for a new federal — but non-political — institution called the Asia Pacific Foundation. The job of whicb will be to promote commercial relations with the countries of the Pacific Rim.

An organising committee of businessmen, academics and labour leaders under the chairmanship of a local mining executive, Mr John Bruk, is looking for federal backing of C$20m (US$16.3m) over three years.

With its large Chinese community and well-established Japanese business links, Britisb Columbia already sends almost as mnch of its prodnce to Asia and Australasia as it does ecross the border to tha U.S., while Canada as a whole relies on the U.S. market for 70 per cent of its foreign sales.

But if Canada feels overdependent on the U.S., British Columbia is beginning to feel overdependent on its raw material exports to its principal Asian partner, Japan.

If Canada feels too dependent on the U.S., British Columbia is beginning to feel too dependent on its raw material exports to its principal Asian partner, Japan

More than 80 per cent of BC's coal, copper and aluminium exports and between e quarter and a third of its forest prodocts, asbestos and fisb go to Pacific Rim markets. The port of Vancouver is also the principal conduit of grain, sulpbur and potash from the other side of tha Rockies, with an annual export traffic of nearly 50m tonnes.

Japan is by far the largest trans-Pacific customer, taking in 1981 some C$3.4bn-worth of the C$5.5bn of exports shipped from BC, of which over 60 per cent was BC prodnce. China bought C$848m worth—mainly grain from the prairies—South Korea C$301m and Australia C$276m.

The Japanese are not just BC's mein export markets after the U.S. They also beve e financial interest dating back 20 years in the province's extractive industries—lumber, pulp and paper, coal, copper and fisheries. There are four Japanese banks with branches in Vancouver.

The relationship began at a time wben Japen was anxious to set up a politically secure supply line of raw materials: wood for bousebuilding, coking coal for an expanding steel industry, and fish for its supermarkets.

Today, Japanese involvement in the local economy is pervasive bot discreet. As one Japanese businessman said: "To be on the safe side you only do what you are asked to do. We bave always kept a low profile—for example we prefer to provide loans rather than take an equity stake."

A desire to do the politically proper thing may partly explain Toyota's planned C$25m investment in a factory outside Vancouver to build 240,000 aluminium wheels a year from 1985. There is elso a hard economic reason: motor manufacturers exporting to Canada may earn a partial remission of Canadian import duty by incorporating components of Canadian origin in their cars.

Three-quarters of the factory's output was due to be shipped back to Toyota's car assembly lines in Japan: but that may change in the light of Toyota's recently-announced joint venture with General Motors in California.

Dependence on the Japanese market is most visible in the north-east coalfield, an area whicb probably could not have been developed had the Japanese not been persuaded to put in money and take out 7.7m tonnes of coal a year. Begun early in 1981, the project will beve cost C$2.6bn by the time the first shipments begin early next year througb a new terminal at Prince Rupert, 500 miles north of Vancouver.

The larger of the two mines, Quintette, is owned balf by Denison Mines of Canada, 10 per cent by Charbonnages of France, with Mitsui Mining, Tokyo Boeki Trading and e consortium of Japanese steel companies accounting for the rest. The other, Bullmoose Mines, is e partnership of tha Teck Corporation with Nissho Iwai.

As Jepan's steel mills cut back, bowever, their shipments from the old coalfield in tha south-east of the Province where they have 10-year contracts are being curtailed by 10 to 20 per cent. If the same were to happen to the new coalfield it would confirm what some local observers already argue — that the project will never make economic sense.

There are doubts, too, about another megeproject, a C$2bn scheme by Dome Petroleum, Nissho Iwai and Westcoast Transmission to pipe gas from Alberta and British Columbia to tbe Pacific coast and ship it in LNG tankers to Japan. The project has had qualified clearance from Canada's national energy board, but Dome bas to prove by next Januery that demand is really there at tha kind of price the producers expect.

British Columbia has probably reason enough for wanting to widen its Pacific markets, both in terms of customers and the kinds of products it sells to them. But the business community appeers anxious not to become, as one industrialist put it, merely the trading post from which Canade can "cock a snook at Uncle Sam."

£50m offshore work won by UK contractors

By Christian Tyler

BRITISH OFFSHORE oil contractors bave won about £50m worth of business in the Norwegian sector of the North Sea with the belp of a line of credit backed by the Export Credits Guarantee Department.

Credit of £70.5m bas been extended to Statoil and Norsk Hydro by Williams and Glyn's bank for part of a £2bn production platform in the Gullfaks field (block 34/10), one of the richest in the Norwegian sector.

Most of the business already won by British companies is for management and services, with the largest slice going to Foster Wheeler Petroleum Development. To qualify for the credit arrangement, which was formally signed in London yesterday, bidders must clinch contracts of at least £40,000 by March 1986.

Block warns EEC that US will compete for food sales

CAIRO—A struggle for Third World food markets warmed up yesterday with the United States and Europe both signalling determination to push ahead with sales of subsidised farm produce.

Mr John Block, the U.S. Secretary of Agriculture, said the U.S. had an obligation to compete when it felt its established trade was being threatened.

He was speaking to reporters on the third day of e visit to Egypt during which he sought to drum up Egyptian interest in purchase of U.S. surplus farm products.

The visit coincided with a mission to Cairo by a European Community parliamentary delegation which included France's M Louis Eyraud, a member of the Community's Agricultural Committee.

M Eyraud said that Europe would seek to match any fresh American deals such as last January's sale to Egypt of 1m tonnes of subsidised wheat flour at $25-$30 e tonne below world prices.

"The Community will be in a position to offer the same conditions as those offered by the U.S. to Egypt," M Eyraud said.

He added: "If the U.S. can dump, the Community can dump too."

France complained strenuously about the U.S. wheat flour sale, saying it was being squeezed out of a traditional market. The U.S. said the deal was a warning against excessive European subsidies.

"We are not looking for trouble with the EEC. We just feel we bave an obligetion to compete in different countries where we feel we bave an important stake in the market. Certainly Egypt is a country where we heve an important stake," Mr Block told the Press after a meeting with President Hosni Mubarak.

The U.S. Agriculture Secretary said be did not expect an agricultural trade war. "But we have no alternative but to compete," he said.

Noting that the U.S. bad failed to gain general agreement at Gatt on reduction of subsidised sales, Mr Block said Washingon had concluded that such sales had become a way of life.

Mr Block said be bed failed so far to persuade the Egyptians to buy subsidised American dairy produce. "There has been an offer made but it has not been accepted by Egypt."

Earlier he announced that the U.S. bad approved a $50m "blended credit' for Egyptian purchases of U.S. corn and tobacco.

Reuter.

Japan's steel makers spend less

TOKYO — Combined capital ontlays on plant and equipment by the six largest Japanese steel makers will fall 4.1 per cent in fiscal 1983, starting April 1, to ebout Y838.5bn (about £2.4bn) from an estimated Y874.6bn this year, steel industry sources said.

The six companies are Nippon Steel Corporation, Kewasaki Steel, Sumitomo Metal Industries, Kobe Steel, Nippon Kokan and Nisshin Steel.

Reuter

A-310s for Swissair

Airbus Industrie is shortly to deliver the first of the new Airbus A-310 aircraft for which part finance bas been guaranteed by the Export Credits Guarantee Department, our World Trade Staff writes. ECGD bas supported a $33m loan to Swissair for the purchase of the first eight of these aircraft in e contract for 10. Finance for the UK portion of the contract is led by Midland Bank plc and provided by Midland Bank and International Westminster Bank.

Plea for U.S. court to rule on Laker

By Raymond Hughes, Law Courts Correspondent

JUSTICE COULD not be done if the legal dispute over the collapse of Laker Airways were tried in the English rather than the U.S. courts, the High Court in London was told yesterday.

Laker would suffer "solid and substantial" disadvantages if forced to discontinue its $1bn anti-trust action in the U.S. against British Airways and British Caledonian and sue the two airlines in England, said Mr David Johnson, QC.

He was opposing, on behalf of Laker liquidator Mr Christopher Morris, of Touche Ross, the application by BA and British Caledonian of a temporary injunction stopping Mr Morris proceeding with the U.S. action against them.

The liquidator alleges that the two airlines were party to a conspiracy to destroy Laker. Also sued are Pan American, Trans World, Lufthansa, Swissair, Sabena, KLM and two McDonnell Douglas companies.

The UK airlines, who face the prospect of having to pay triple damages if the U.S. case goes against them, have argued that if, which they do not accept, they are liable to be sued over Laker's collapse in February last year, the case should be litigated in England and nowhere else.

Mr Johnson told Mr Justice Parker that the U.S. action was proper and legitimate. It arose in respect of international business carried on both withio and outside the U.S. by large English corporations over a period of years.

If Laker were stopped from proceeding against the UK airlines in the U.S. it would have foisted on it an English court action it did not want, and a cause of action – conspiracy under English law – that it had never raised.

An injunction would splinter the U.S. action. Laker would have either to continue its claim only against the non-UK defendants, or postpooe the case for at least two years while the dispute went through the English courts.

There was no English legal authority or principle which would justify granting such an injunction, Mr Johnson argued.

The hearing continues today.

Union leaders accused over Maestro strike

BY ARTHUR SMITH

AUSTIN ROVER last night accused senior shop stewards of "distorting the issues" and provoking a strike which has halted assembly of the successful new Maestro model at Cowley, Oxford.

The management was last night urging the trade unions to recall a mass meeting of the 3,000 dayshift workers at the assembly plant. "If the issue had been put fairly and clearly, the strike would not have happened," the company said.

Workers backed their shop stewards' call for a walk out in protest at the company's plan to end the long-established practice of allowing workers time at the end of each day in which to wash and prepare to go home. It had become to be known as "washing up time."

Austin Rover is now insisting that the assembly tracks continue to run to the end of each shift. For many years the lines have been stopped three minutes early to allow workers time to wash.

Union leaders were surprised at the almost unanimous vote to strike. But the management maintains that workers were misled because shop stewards had presented the issue as "an attack on basic trade union rights."

Mr David Buckly, Oxford district secretary of the Transport and General Workers' Union, said the vote was a protest at "the autocrat style" of management. "They are saying enough is enough. The workers have been pushed too far."

Austin Rover has pushed through dramatic changes in work practices and manning levels to raise productivity ahead of the launch of the vital new model. The company said there was no reason why Cowley should not fall into line with all the other factories

A senior executive said removal of the washtime on the day and night shifts would give an extra one hour's production a week.

Austin Rover said the stoppage came at a bad time. It had just enjoyed its "most successful launch of a new car."

● The strike at Ford's Halewood plant on Merseyside continued yesterday without any sign of a breakthrough despite the continuing readiness of the coociliation service, Acas, to intervene. The dispute has now cost production of 14,000 Escort cars valued at £70m.

Land Rover to lay off 6,500

BY OUR MIDLANDS CORRESPONDENT

LAND ROVER is laying off 6,500 workers for three days next week in response to a fall in demand from the oil countries of the Middle East.

The company last night described the move as "a temporary measure," in order to prevent a build-up of stocks. Oil producing countries were tending to cut or delay orders as they reviewed spending plans in the wake of the fall in oil prices.

All Land Rover factories, except the transmission plant in South Wales, will take all next week off, instead of the normal two-day Easter break. The 700 workers on Range Rover assembly will return to a four-day week, but that will be kept under continuous review, the company said.

Land Rover said it did not expect a long-term fall in orders. About 80 per cent of output is sold overseas, and a new range of vehicles, "the One Ten," was unveiled this month at the Geneva motor show.

The new model is the most important product in the £200m expansion programme at Land Rover. The vehicle is already on sale in the UK and Switzerland and will be launched elsewhere in Europe over the next few months and in the Middle East later in the year.

Minister defends talks over Wytch Farm sale

BY KEVIN BROWN

MR NIGEL LAWSON, the Energy Secretary, admitted in the House of Commons yesterday that he had talks with some of the bidders for the onshore oilfield run by British Gas at Wytch Farm in Dorset.

Mr Lawson said British Gas was aware of his actions, and stressed that his intervention had been "even-handed." But Mr Ted Rowlands, a front-bench Labour energy spokesman, demanded a full Government statement detailing the negotiations.

He accused Mr Lawson of "directly interfering in the sale at the last minute to try to fend off another privatisation fiasco."

British Gas has been instructed to sell the field by Mr Lawson, who has made clear his view that the corporation should have no part in oil production.

But bids have fallen well short of the corporation's valuation of £500m, double the Government's own valuation.

Mr Rowlands accused Mr Lawson of "trying to cajole hidders into presenting an acceptable bid."

Mr Lawson's revelation that talks had taken place was important because "time after time ministers have said it is nothing to do with the Government and everything to do with British Gas," he said.

Lloyd's chief quits board of brokers

By John Moore, City Correspondent

SIR PETER GREEN, chairman of Lloyd's, the London insurance market, is to resign from the board of Hogg Robinson Group, the insurance broker with extensive Lloyd's underwriting interests.

The move, announced yesterday, has come ahead of any negotiations which Hogg Robinson will have to enter into about the future sale of its Lloyd's underwriting agency company, Janson Green, which Sir Peter Green chairs.

Hogg Robinson said yesterday Sir Peter will step down from the board at the end of the group's financial year on March 31 "to avoid any conflict of interest over the future of Hogg Robinson's Lloyd's underwriting interests."

Under new private legislation for the Lloyd's market, designed to improve Lloyd's self-regulatory mechanisms, all Lloyd's brokers must sell their shareholding links with the agency companies which manage the affairs of Lloyd's members in just over four years.

Janson Green, which manages the affairs of hundreds of members of Lloyd's, is one of the agency companies affected by the new legislation.

There was concern that Sir Peter Green might face a conflict in any negotiations as a board member of Hogg Robinson, chairman of Janson Green and the holder of the largest number of voting shares in Janson Green.

Mr Ian Hay Davison, Lloyd's chief executive, said yesterday: "I think Sir Peter has set a commendable example." Sir Peter maintains close links with the Hogg Robinson group. He is the largest private shareholder, owning more than 2.5 per cent of broking group's equity.

He is also a director of Cresvale Securities, which carries out investments and provides services for Lloyd's syndicates, including those under the management of Janson Green.

Canned foods division of TKM sold for £1

BY CHARLES BATCHELOR

TOZER Kemsley & Millbourn (Holdings) (TKM), the troubled international trade and investment group, is to dispose of its loss-making canned foods division for £1 to the fast-growing private food company, Hillsdown Holdings. TKM will write off £12m on the sale.

In a three-cornered deal TKM will pay Imperial Foods, part of Imperial Group, £3m for its half stake TKM Foods and sell the entire company on to Hillsdown.

TKM made a pre-tax loss of £3.7m last year on its share in the food operation. Net assets of the activities being sold are worth £6.6m. TKM will also assign £3m of loans made to the foods division to Hillsdown for a further £1.

TKM Foods was created in April 1981 by a merger of TKM's canning division, producing largely for own-brand labels, with Imperial's Smedley operations. Imperial had no management responsiblity.

Hillsdown will acquire three canning plants employing nearly 1,200 people and with an annual turnover of nearly £50m.

"Obviously we need to get our feet under the table but I would hope to see a profit this year," Mr Harry Solomon, managing director and joint founder of Hillsdown, said.

Hillsdown, which was established in 1970 as a travel and security systems group, is now predominantly a food processor and distributor, making retained profits of £10m last year on turnover of nearly £450m.

An early rationalisation at TKM Foods will be necessary but this will not automatically lead to a long-term loss of jobs, Hillsdown said.

It pointed to its turnround of Lockwoods Foods, which it bought from the receiver in 1981. Lockwoods made a profit of £1.5m last year on turnover of £23.5m. Profits are expected to rise this year on turnover projected at £30m.

A decline in the consumption of canned food and the price war between food retailers were blamed for TKM's problems.

Inquiry into chocolate import surge

By David Churchill, Consumer Affairs Correspondent

CHOCOLATE MANUFACTURERS have become worried about a surge in imports for both chocolate and sugar confectionery. An inquiry is being made by the industry'a trade body.

Over the past two years imports of chocolate confectionery (where over half the product contains chocolate) have risen by a third – from 31,656 tonnes in 1980 to 42,297 tonnes last year.

In the same period, imports of sugar confectionery (where chocolate makes up less than half the product) rose by 28 per cent to 29,989 tonnes.

Although imports still only account for some 10 per cent of the total market even after these sharp increases, the manufacturers are concerned that if the trend continues it could hit UK production. Cadbury's, one of the largest UK producers, has already denied trade rumours that its market share has been hit by the surge in imports.

The industry's trade body, the Cocoa, Chocolate, and Confectionery Alliance, has decided to set up a special working party to investigate the rise in imports.

Thorn EMI company sues over 'secrets'

By Jason Crisp

SYSTRON-DONNER, the California-based subsidiary of Thorn EMI of the UK, is suing a number of former employees for fraud, patent infringement and misappropriation of trade secrets.

Thorn Electrical Industries, now Thorn EMI, bought Systron-Donner, an electronics company specialising in test and measurement equipment and the aerospace industry, in 1979 for $27m.

Systron-Donner alleges that its former chief executive and several other senior staff left the company immediately after it was bought, taking secrets which were used to set np product lines in a new company, Gigatronics.

The action which has been filed in the U.S. District Court in San Francisco is fairly typical of actions taken by high technology companies against former employees who leave and set np rival concerns.

Systron-Donner is accusing Gigatronics of unfair competition, trade libel and anti-trust violations. It also claims that a microwave frequency synthesiser sold by Gigatronics is based on one of Systron-Donner's own products.

Systron-Donner, which has 1,500 employees and an annual turnover of about $80m, is seeking compensatory and punitive damages and an injunction to prevent Gigatronics continuing to sell the synthesiser.

Further bruising for pound as Howe rules out intervention

BY JEREMY STONE

AS THE POUND endured another tough day on the foreign exchange market yesterday, Sir Geoffrey Howe, the Chancellor of the Exchequer repeated his view that intervention in defence of a particular level of the exchange rate would be "expensive and fruitless."

Responding to questions from a Treasury Select Committee, Sir Geoffrey said that intervention to hold a given exchange rate did not work, although the Government was prepared to intervene in order to check very sharp movements.

The Chancellor returned to previous statements about exchange rate policy when he said that, while the Government was not indifferent to changes in the level of sterling, it had "no objective."

He did not believe that this winter's fall in the external value of sterling could be attributed to any laxity in UK monetary policy. At a time of increasing volatility in the currency markets he thought it was necessarily right to concentrate on monetary and fiscal balance in the UK. This was "the surest guide in a not very sure world."

Sir Geoffrey endorsed President Mitterrand's remark that the "infernal machine" of inflation must be controlled, saying that the Government was more convinced than ever of the importance of monetary policy in working for this objective.

Tighter monetary conditions emerging in the U.S. sent the dollar up sharply yesterday and sterling closed in London at its lowest ever position against the U.S. currency. It dropped almost a cent against its level on Friday to $1.4540.

Howe: 'intervention does not work'

But the pound gained against the European currencies to close unchanged against the Bank of England's trade-weighted basket of currencies at 71.8 (1975=100).

What to do about sterling, Page 19

Government seeks buyers for eight Scottish airports

BY LYNTON McLAIN

THE GOVERNMENT is to attempt to sell to the private sector seven loss-making airports in the Scottish Highlands and Islands region and the profitable airport at Sumbrugh in the Orkney Islands.

The seven airports are at Inverness, Islay, Kirkwall, Benbecula, Stornaway, Tiree and Wick. All the sites are owned and operated by the Civil Aviation Authority (CAA) apart from Stornaway which comes under the Ministry of Defence.

In a written answer in the House of Commons, Mr Iain Sproat, the Parliamentary Under-Secretary for Trade said he had asked the CAA to consider how they might be transferred to the private sector.

Sales of the airports to the local government councils "are not being contemplated," according to Mr John Dent, the chairman of the CAA in a statement yesterday.

The Trade Department also said that "the general idea is not for the British Airports Authority to take over the airports." The intention is to encourage other interested parties, such as the local airlines that use the runways, to consider taking over the sites, the DoT said. The department described ownership of the airports by the Civil Aviation Authority as "an anomaly." The authority took over the airports on its formation under the Civil Aviation Act 1971. The sites were owned previously by the Trade Department.

Total income of the eight airports came to £8.9m in the last financial year 1981-82. Of this total, £7.4m income was attributed to the financially viable airport at Sumbrugh the oil port, which made an operating profit of £2m over the period. Much of the profit was attributable to oil-related aviation in the northern North Sea.

The income for the seven smaller airports of £1.5m for 1981-82 was insufficient to cover costs. The Scottish Office made a non-repayable grant of £3.8m to the CAA to run these "as a social service," and to cover all costs, the authority said last night.

Unions plan biggest jobs march

BY OUR LABOUR CORRESPONDENT

THE Trades Union Congress (TUC) yesterday launched a fresh campaign against unemployment which will culminate this summer in a new People's March for Jobs which union leaders claim will be the largest mass demonstration ever seen in Britain.

The official launch of the new jobs campaign yesterday marks a significant victory for those TUC-affiliated unions such as the transport and local government workers which refused to accept the original rejection of the idea by the TUC hierarchy.

Even so, the TUC is still maintaining some distance from the march. Funding of the demonstration will mainly come from an appeal, through which march organisers hope to raise about £250,000. Local authorities and other organisations will be asked to provide accommodation for those taking part in the march.

TUC leaders hope that the new campaign will emulate the success of the original People's March for Jobs two years ago. The TUC then was at first reluctant to put its weight fully behind that, but gradually came to embrace it as the idea gained support.

Mr Ron Todd, national organiser of the Transport and General Workers' Union, and chairman of the march's organising committee, said yesterday that the first march was responsible for making unemployment a political issue.

He said the new march would focus fresh attention on the plight of the unemployed, and forecast that it would again capture the attention and imagination of the nation. The aim would be to remind the country that there were alternative policies to those of the Government which had created current unemployment levels.

Union leaders seized eagerly yesterday on the notion that the timing of the march – it is due to reach its goal in London in early June – might possibly coincide with a general election.

Mr Alan Jinkinson, assistant general secretary of the National and Local Government Officers' association, and secretary of the organising committee, said such a coincidence would be "very helpful," though he rejected suggestions that it would construe extra-parliamentary activity if a general election were in progress.

He said: "Public opinion has to put unemployment at the top of the list and if we have the coincidence of a general election it will do nothing bnt good."

There will be seven separate marches, in different areas of the country, beginning in Glasgow en April 23, and eventually converging on London on June 5, with an expected total number involved of about 250,000.

Though the original march was a public success, other subsequent TUC efforts to focus attention on unemployment, such as a Jobs Train and a series of regional conferences with the Labour Party have been less successful.

ICI chief gives staff message of gloom

THE CHAIRMAN of Imperial Chemical Industries, Mr John Harvey-Jones, has told staff in a frank statement: "We are not performing adequately."

He says in an interview in the latest issue of ICI Magazine: "ICI is, at the moment, rather starkly two separate companies."

The corporation contained a "robust" company which had consistently returned profits of more than £550m a year, but it also contained an "un-robust" company trading in the fibres, plastics and petrochemicals businesses. Although these problem sectors represented only 30 per cent of the group's activities their troubles had dwarfed any previously experienced.

Mr Harvey-Jones's comments follow publication of ICI's latest results, showing that the group saw its 1982 pre-tax profit drop by 23 per cent from £335m to £259m. Mr Harvey-Jones described these results as "lousy."

New men at the top for brewery

THE CHAIRMAN and group managing director of Scottish and Newcastle Breweries, Mr Peter Balfour, is to retire. He will be succeeded as group managing director by Mr Alick Rankin, and as chairman by Mr David Nickson.

Mr Rankin, aged 48, becomes group managing director on May 1. At present he is one of the three divisional chairmen within the group, and is responsible for Scottish Brewers and Waverly Vintners. Mr Nickson, vice-chairman of William Collins and Sons, the UK publishers, becomes non-executive chairman on October 1. He is Scottish and Newcastle Breweries' non-executive deputy chairman at present.

Aid for all the small companies

ALL small companies – not just those in the industrial sector – will qualify for aid under the new Small Engineering Firms Investment scheme (SEFIS).

This was one of a number of significant detailed changes to the scheme disclosed yesterday following the Chancellor of the Exchequer's budget announcement that a total of £100m will be made available for the measure during the next three years.

EEC pub rule under attack

THE Brewers' Society has attacked as ludicrous a proposed European Economic Community draft regulation tying public houses to specific brewers' products. The society argues that this move would weaken brewer-tenant relationships so that there would be fewer tenanted public houses, a rise in bar prices and a possible contraction in the variety of drinks offered.

A fifth draft of the regulation covering exclusive purchasing arrangements within the Community is currently under discussion.

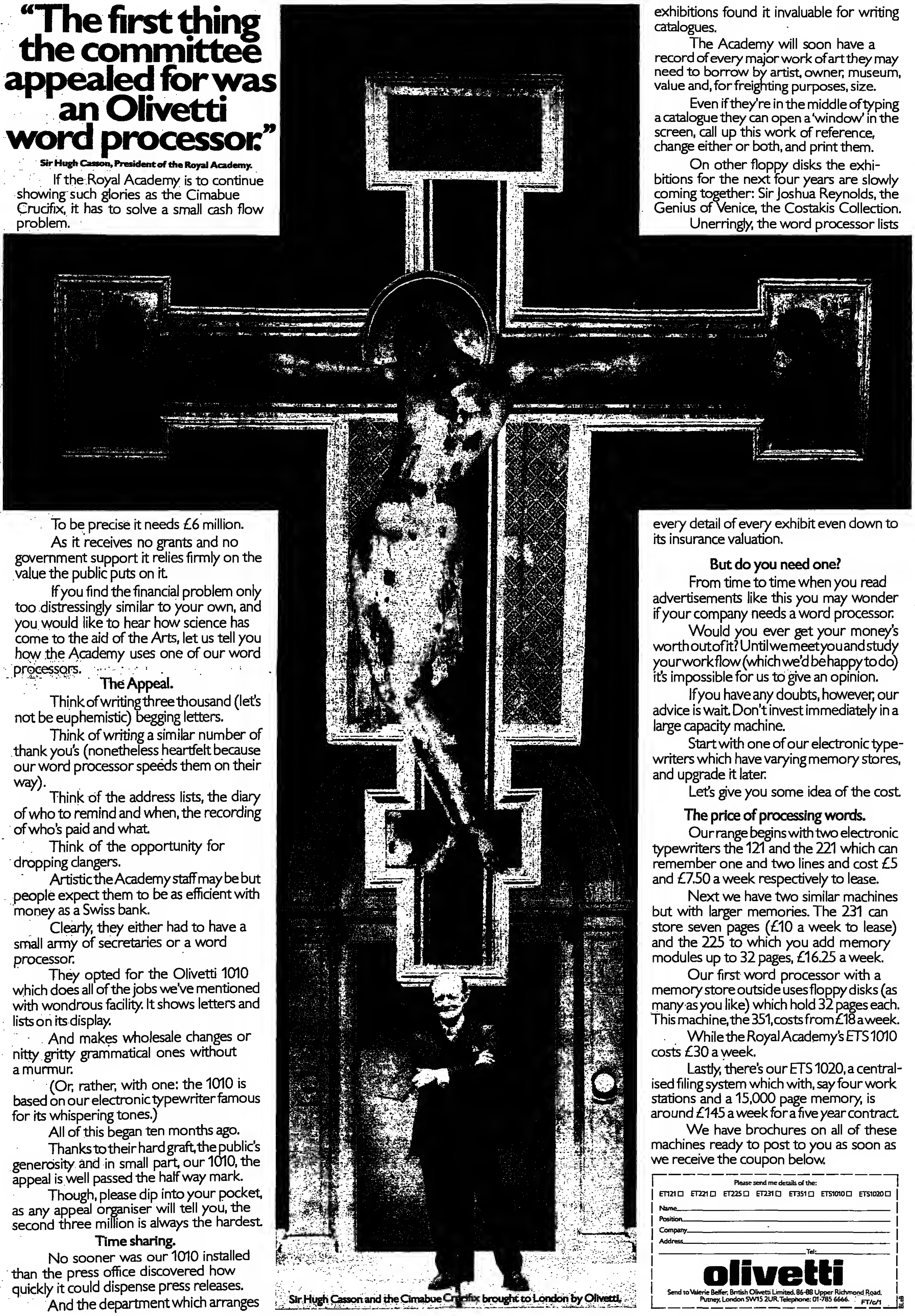
House prices up by 9 per cent

HOUSE prices in the UK rose at an annual average rate of 9 per cent in the first quarter of this year, according to the Nationwide Building Society. This compares with an annual 2 per cent increase in the corresponding period last year, says the building society.

"The first thing the committee appealed for was an Olivetti word processor."

Sir Hugh Casson, President of the Royal Academy.

If the Royal Academy is to continue showing such glories as the Cimabue Crucifix, it has to solve a small cash flow problem.



Sir Hugh Casson and the Cimabue Crucifix brought to London by Olivetti.

To be precise it needs £6 million.

As it receives no grants and no government support it relies firmly on the value the public puts on it.

If you find the financial problem only too distressingly similar to your own, and you would like to hear how science has come to the aid of the Arts, let us tell you how the Academy uses one of our word processors.

The Appeal.

Think of writing three thousand (let's not be euphemistic) begging letters.

Think of writing a similar number of thank you's (nonetheless heartfelt because our word processor speeds them on their way).

Think of the address lists, the diary of who to remind and when, the recording of who's paid and what.

Think of the opportunity for dropping clangers.

Artistic the Academy staff may be but people expect them to be as efficient with money as a Swiss bank.

Clearly, they either had to have a small army of secretaries or a word processor.

They opted for the Olivetti 1010 which does all of the jobs we've mentioned with wondrous facility. It shows letters and lists on its display.

And makes wholesale changes or nitty gritty grammatical ones without a murmur.

(Or, rather, with one: the 1010 is based on our electronic typewriter famous for its whispering tones.)

All of this began ten months ago.

Thanks to their hard graft, the public's generosity and in small part, our 1010, the appeal is well passed the half way mark.

Though, please dip into your pocket, as any appeal organiser will tell you, the second three million is always the hardest.

Time sharing.

No sooner was our 1010 installed than the press office discovered how quickly it could dispense press releases.

And the department which arranges exhibitions found it invaluable for writing catalogues.

The Academy will soon have a record of every major work of art they may need to borrow by artist, owner, museum, value and, for freighting purposes, size.

Even if they're in the middle of typing a catalogue they can open a 'window' in the screen, call up this work of reference, change either or both, and print them.

On other floppy disks the exhibitions for the next four years are slowly coming together: Sir Joshua Reynolds, the Genius of Venice, the Costakis Collection.

Unerringly, the word processor lists every detail of every exhibit even down to its insurance valuation.

But do you need one?

From time to time when you read advertisements like this you may wonder if your company needs a word processor.

Would you ever get your money's worth out of it? Until we meet you and study your work flow (which we'd be happy to do) it's impossible for us to give an opinion.

If you have any doubts, however, our advice is wait. Don't invest immediately in a large capacity machine.

Start with one of our electronic typewriters which have varying memory stores, and upgrade it later.

Let's give you some idea of the cost.

The price of processing words.

Our range begins with two electronic typewriters the 121 and the 221 which can remember one and two lines and cost £5 and £7.50 a week respectively to lease.

Next we have two similar machines but with larger memories. The 231 can store seven pages (£10 a week to lease) and the 225 to which you add memory modules up to 32 pages, £16.25 a week.

Our first word processor with a memory store outside uses floppy disks (as many as you like) which hold 32 pages each. This machine, the 351, costs from £18 a week.

While the Royal Academy's ETS 1010 costs £30 a week.

Lastly, there's our ETS 1020, a centralised filing system which with, say four work stations and a 15,000 page memory, is around £145 a week for a five year contract.

We have brochures on all of these machines ready to post to you as soon as we receive the coupon below.

Please send me details of the:

ET121 ☐ ET221 ☐ ET225 ☐ ET231 ☐ ET351 ☐ ETS1010 ☐ ETS1020 ☐

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Position__________
Company__________
Address__________
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Send to Valerie Belfer, British Olivetti Limited, 86-88 Upper Richmond Road, Putney, London SW15 2UR. Telephone: 01-785 6666. FT/c/1

UK NEWS

Government may cut 'excessive' drug profits

BY GARETH GRIFFITHS

THE GOVERNMENT is considering using the purchasing power of the National Health Service (NHS) to cut what some ministers see as excessive profits made from the state by leading drug companies.

The Natinnal Health Service spends £1.1bn a year on drugs, and if the same profit fnrmula used by the Defence Ministry was applied to the Department of Health and Social Security's own Pharmaceutical Price Regulation scheme, there could be a saving of £100m a year.

Drug prices for the NHS are agreed by setting overall target rates of return on the pharmaceutical companies' capital employed.

No final decision has yet been taken, but in the past year one major producer made a return of more than 35 per cent on capital employed on drugs supplied to the NHS. The average rate of return on capital employed by drug companies for their NHS drugs is 25 per cent, but companies are allowed returns of up to 35 per cent without any penalty clawbacks.

This compares with an average rate of return in British industry of between 4 and 5 per cent. Traditionally, pharmaceutical companies have been allowed such high returns because nf the risks involved in developing new products, and the need to keep the UK as a major pharmaceutical producer.

A decision will not be taken until the Review Board fnr Government Contracts reports separately later in the year. The board sets the formula used fnr non-competitive government contracts, particularly those placed by the Defence Ministry.

The last report in 1980 set the overall target rate nf return at 20 per cent. On risk work there should be an average rate of return nn capital employed of 23 per cent, it said. On non-risk work the average return on capital employed should be 16 per cent.

A cut in NHS rates nf return to those used at the Ministry of Defence would cut the NHS drugs bill by about £100m.

Pharmaceutical companies argue the rates of return allowed are less generous than at first appear because they are based on historic rather than current costs nf capital employed.

The effect of a reduction in the Pharmaceutical Price Regulation Scheme (which sets the targets) could be exaggerated, Mr Robin Gilbert, pharmaceuticals analyst with stockbroker James Capel, argues. A reduction in the rate of return to 22 per cent in line with the returns allowed to government defence contracts would reduce profits, but not severely.

"Most UK companies earn only a relatively small proportion of their profits in the domestic market, and from the market share figures, could conceivably affect Glaxo by £8m, Beecham by £5m and Fisons by £2m. This would not be an intolerable cut in current levels of profitability, and some savings in respect of promotional costs might be seen which would reduce these figures," he said.

TUC CHIEF OUTLINES POLICY FOR PARTY'S PACT WITH UNIONS

Be realistic, Murray tells Labour

BY JOHN LLOYD, LABOUR EDITOR

THE PACT between the Labour Party and the trade unions, aimed et re-shaping Britain under e Labour government, must not create expectations which cannot be delivered, Mr Len Murray, the Trades Union Congress (TUC) general secretary, has warned.

Mr Murray also stressed his willingness to deal with any future government, even a Conservative one – provided the TUC was not expected to enter negotiations "on its knees."

In a wide-ranging interview with the Financial Times given as Labour and the TUC finalised their partnership agreement, which will form e major element in the party's campaign strategy, Mr Murray underlined his commitment to "extend collective bargaining through the agreement" while making clear his harshly realistic view of prospects.

He said: "One danger nf which I am constantly in discussioas in the Liaison Committee (which brings together party and TUC leaders) is the creation of expectations on both sides which can't be delivered.

"It does call for a considerabla measure of restraint on our side of what we demand if nnly because the party in opposition does tend to promise the sun and the moon.

"The cardinal sin in dealing with the government or an alternative government is to create expectations which can't be met – because that is the way to disillusinoment."

Mr Murray emphasised that the unions' relationship with the Labour Party, thnugh close, was a conditional one.

He said: "I want the TUC to be close to government or a potential government. Our ideological affinity with the Labour Party is bound to bring us quite close to it, but if we were faced with a Labour Party which clearly and conspicuously could not form a government in the foreseeable future, I for one would not be interested."

He said both Conservative and Labour governments often tried to appeal over the heads of union leaderships directly to members, assuming they could judga trade unionists' views, better than their leaders.

"That puts the responsibility on to us," he said. "We have to be careful to keep in touch with what our members are really thinking. You can get out of touch, as I accept the recent miners' ballot showed."

Mr Murray emphasised that the TUC must be ready to enter into talks with any future Conservative government. He said: "We would talk – if it were a Tory government more prepered to treat with the trade unions than this one is."

He was sceptical of the "new consensus" proposed by Mr Nnrman Tebbit, the Employment Secretary, for after the next general election.

"This can't be a consensus where one partner is on its knees supplicating for favour. If we walk in there to talks it would have to be in a serious way," he said.

"We would have to test them out. We have no option. We can't contract out of life. Our members would insist on us taking that position."

Mr Murray was fiercely critical of the Government's Green Paper (consultative document) on union democracy, saying the Government has no industrial relations policy, nnly an anti-union ettitude. The Green Paper showed simply that the Government has taken up an aggressive, rather then e problem-solving posture.

He said: "The Government's strategy throughout has been very clear and logical. Unemployment is allowed to grow to weaken unions' bargaining power, as it has to e considerable extent. Then once they allow some reflation they see legislation as being the thing which moves into gear to keep the unions down."

He said the unions had safeguarded Britain's basic strength, keeping membership above the 50 per cent mark nf the working population, though falling numerically as unemployment rose.

Mr Murray, now aged 60, admitted: "Retirement has crossed my mind but I'm not seriously considering it. I would if I felt my reflexes had become set in the past."

He said that when he did retire, "I would like to do something at grass roots community level, work that I could see helped individual people in a concrete way."

Unfair traders warned

By David Churchill, Consumer Affairs Correspondent

NEW LAWS to prevent traders from evading their legal responsibilities to consumers by using unfair disclaimers may be sought by the Office of Fair Trading (OFT).

Sir Gordon Borrie, director general of fair trading, said yesterday be was concerned at the number of traders still using unenforceable terms accepting no responsibility in their contracts.

He warned that if companies continued to flout the law be would consider "whether further action is called for, perhaps by the creation of fresh criminal offences."

Sir Gordon also said that he would use his powers to refuse traders e consumer credit licence if they tried to escape responsibilities to customers.

The OFT's concern arises from the number of complaints received about traders using void terms five years after the Unfair Contract Terms Act became law.

"I can only suppose that such traders are either unaware of the law or else deliberately try to mislead the public, hoping many will be deterred from seeking redress by phrases which appear to be a legally based denial of their rights," said Sir Gordon.

Examples during the past year include the wildlife parks which have tried to disclaim responsibility for negligence when visitors were injured by animals.

Examples also include car hire companies which say they will not accept responsibility for loss, damage or delay due to mechanical or other defects in their cars.

Consumers who think they have e claim against a trader in spite of a disclaimer notice should seek legal advice or contact their local trading standards department, the OFT advises.

● Pharmacists have started a campaign to stem the trend towards buying medicines in supermarkets and making the public more aware of the services pharmacists offer.

The National Pharmaceutical Association (NPA) is spending £600,000 on the scheme, and yesterday it received encouragement from the Department of Health and Social Security, which believes pharmacists outside the hospital sector are not consulted enough by the public.

Britain's pharmacists have been worried for some time by the shift in proprietary medicine sales away from shops owned and run by pharmacists, or from those with strong pharmaceutical traditions such as the Boots chain.

The NPA represents some 9,800 pharmacists who own their own shops. It has secured agreement with the Co-operative-owned pharmacies and Boots to run a campaign for up to e year.

Metal Box set to replan its marketing

BY MAURICE SAMUELSON

METAL BOX, Britain's biggest packaging supplier, may restructure its organisation along "market-oriented" lines to improve relations with its customers.

The company, which has been badly hit by the recession and mounting competition, is et present organised along product lines, with separate divisions producing "open top" cans, general line metal containers, and paper and plastics packaging.

Mr Denis Allport, chairman and chief executive, said detailed consideration was being given to the creation of divisions geared to the major markets such as food and drink, and taking in the wide range of packaging available for these industries.

Metal Box'a UK packaging sales are worth nearly £600m, about one sixth of the total UK packaging market. Although it has lost its near supremacy in the UK beer and beverage can market, it is still the dominant supplier of food cans and of general line metal containers, as well as a leader in plastics, flexible packaging and paper-based containers. It also owns Stelrad, the central heating systems group.

A spate of closures in the past three years has brought its UK workforce down to about 24,000, half what it was a decade ago. Its open-top and central heating divisions are on the mend, but low demand is still hitting its other operations.

Reorganisation along market-oriented lines has long been favoured by some of Metal Box's biggest customers in the food industry who have tended to complain about the group's inflexibility and lack of co-ordination between its sales and production arms.

However, it also reflects the unprecedented range of alternative packaging which has become available for the same products. This is particularly evident for beer and carbonated drinks, for which plastic is increasingly taking the place of cans or glass.

Metal Box is a leading producer of plastic PET (polyethylene terephthalate) soft drinks bottles. It has also pinneered PET fnr beer bottles and most leading UK breweries now use it.

No timetable has been set for the reorganisation which is likely to take place piecemeal rather than in a single overhaul.

Linotype-Paul sets up campaign to save jobs

FINANCIAL TIMES REPORTER

LINOTYPE-PAUL, the UK typesetting machinery manufacturer, has launched a campaign to find e buyer for the two Cheltenham plants which are to be closed this year. The company is switching production to West Germany making 500 workers redundant.

The London-hased Inbucon Management Consultants have issued a brochure which outlines the qualities the workers have to offer to any potential employer.

Mr Michael Keen, chairman of the employees' consultative committee, which represents the workers who face redundancy, has given his full support to the campaign.

"We have obviously supported this idea of promoting our workforce and we believe this is the best course available. The hrochure identifies the skills of the workers and we must do our utmost to use these facilities to the full," he said.

He emphasised that time was short because the jobs were already being phased out. The next group of workers will go in July, although the majnrity of the production staff will stay until later this year.

"If we are successful in our efforts to find a buyer we hope to persuade Linotype-Paul to review its redundancy programme so that we can keep the workforce together," Mr Keen said.

Mr Martin Boothman, managing director of Linotype-Paul, said a number of factors hed prompted the company to set up the marketing campaign. "We believe we have e workforce which is well organised and with skills which are ont limited to photo composition but also include electronics and optics capabilities. We are very optimistic that a buyer can be found."

Alfa cuts UK losses

BY KENNETH GOODING

ALFA ROMEO'S British subsidiary reduced its losses by 23 per cent, from £7.3m to £5.6m last year. The company, however, missed its car sales target in 1982 and as a result its losses were higher than the £3m fnrecast at this time last year.

Alfa's car sales in Britain, which in 1981 slumped from 10,219 to 8,030, last year rose 11 per cent to 8,928 but were well below the hoped for 10,000.

But Alfa's parent company maintains it has no intention of selling the subsidiary to an independent import organisation and that it will remain factory-owned.

Suggestions of a sale arose after Fiat's recent decision to hand over the import agency for its Lancia offshoot to the Heron group.

Alfa expects to hreak even in Britain in 1984 and to make e small profit the following year.

UK FURNITURE INDUSTRY

The long and painful lesson of the recession

By William Dawkins

"WE HAVE been through a bloodbath. The worst is over, but it's not going to be easy—at least for those of us left."

Grim but apt words from Mr Leslie Gomme, chairman of the makers of G-Plan furniture, describing what many believe to be the end of the most prolonged recession ever to hit tha British furniture industry.

It is more vulnerable than most consumer industries to economic shocks because furniture comes low on individuals' spending priorities when times are hard. At the same time, electronic home entertainments have attracted an increasingly large share of disposable income. Many manufacturers' operational inefficiency, poor designs and weak marketing have left the industry in poor shape.

During the past three years, the British furniture industry's total turnover has declined nearly 30 per cent. The slide hit its worst point last June, when seasonally adjusted domestic furniture deliveries were more than 42 per cent below their 1979 level. However, deliveries have picked up since then.

Exports have stagnated at around £240m for the past two years and imports have surged from £283m in 1981 to £400m last year. Between 1981 and 1982, 743 British furniture manufacturers went out of business and 8,700 people were made redundant in the year to April 1982 alone.

Exporters to Britain have made such an impact by identifying areas neglected by UK manufacturers and pursuing more aggressive marketing strategies.

Modest upturn from low base

In kitchen furniture particularly, West German companies like Rational and Siematic have made substantial inroads, concentrating on the top end of the market.

Bedroom furniture has been another vulnerable area, this time to cheaper products made in East Germany, although UK manufacturers have recently become more competitive.

Despite these pressures, the British industry still retains around 1,400 manufacturing companies—although many employ only a handful of people—which produce some £900m worth of domestic furniture annually.

The upturn has been modest, and from e very low base. According to the Department of Industry, manufacturers' deliveries of domestic furniture have risen from a monthly figure of £67.7m in January 1982 to £80.9m last January. Volume could increase 10 per cent this year against a 3 per cent decline in 1982, believes the Furniture Industry Research Association (FIRA). Even so, that would still be well below 1979 levels in real terms.

Much of the present revival is fuelled by cheaper mortgages which have encouraged an increase in housing starts, and greater activity in the second-hand market. Lower interest rates have also meant more consumer spending, by reducing the desirability of savings.

The key question is whether the recession has taught the industry how best to take advantage of the upturn.

"The lesson we learned was not to go for big volume growth," says Mr Gomme. "We built up surplus capacity which we were slow to recognise and lost a lot of money in the past three years."

In its 1982 financial year, Gomme lost £3.3m before tax, against a £1.95m deficit in the previous year. The company has introduced a reorganisation plan at an estimated cost of £75,000, shed about 250 jobs and ended its former policy of selling furniture at an automatic discount.

Mr Gomme is now aiming for lower volume at higher margins. One of the reasons for this, he says, is that "when we had a very large order book, we didn't have the time to innovate."

Following the change of policy, the company has added mahogany and elm to its lines, which previously concentrated on teak. "We hava made our product range more interesting," says Mr Gomme.

At the same time, the company has stepped up advertising and is improving displays at its main outlets—Perrins, John Lewis and House of Fraser. "We want to ensure that our furniture is seen in its proper context by the public," he says.

Mr Gomme predicts that these reforms—which have already contributed to an improvement in orders—will at least return his company to profitability this year. On top of that, he adds: "There have been three years of reduced expenditure, which means a build-up in pent-up demand."

Mr Peter Raper, FIRA's marketing director, believes that the industry in general has been slow to learn one crucial lesson from its recession—the importance of marketing. This is highlighted by the fact that the furniture men hardly ever invite the public to their exhibitions. "As a marketing man, I see that as the height of utter folly," he says.

However, he is greatly cheered by the fact that next November's International Furniture Show in Birmingham will be open to the public for the first time in many years. Mr Raper argues that the industry desperately needs the help of a government-sponsored marketing advisory service on similar lines to the one which exists to advise small businesses on manufacturing.

His criticism is echoed by some of the furniture manufacturers themselves. "Marketing in the furniture industry is extremely weak," agrees Mr Tom Clarke, chairman of Silentnight, which holds 27 per cent of the bedding market and is a major upholstery company.

At the heart of this lies poor management, he claims. "If there's an industry that thinks it can sell half a crown for two bob and make a profit, it's the furniture industry. Unless it learns to run its business better, it will never generate confidence in the City."

The problem is, he maintains, that too many companies have turned out high volumes of cheap and poor quality goods, rather than be prepared to sacrifice market share in return for better margins.

Low spending on furniture in UK

"Instead of going out and making more attractive products at higher prices, they have done exactly the opposite. It's reached the stage where some companies are making little better than orange boxes," says Mr Clarke.

It seems clear there is plenty of scope for increased consumer spending on furniture. Sir Terence Conran, chairman of Habitat Mothercare, points out that British people spend less of their disposable income on furniture than practically all Europeans. At an average of £26.10 a head annually, they spend nearly two and a half times less than the West Germans, with the equivalent of £62.80. "It may cause you to wonder why Habitat isn't operating in West Germany," he jokes.

Habitat clearly cannot be criticised for poor design. Indeed, manufacturers might be better off if more retailers followed Sir Terence's forward-looking example, believes Mr Archie Arenson, chairman of the St Albans-based Arenson furniture and office equipment manufacturing company. He says the industry has failed to attract a greater share of consumer spending because many retailers have tended to be over-cautious in accepting or proposing new designs.

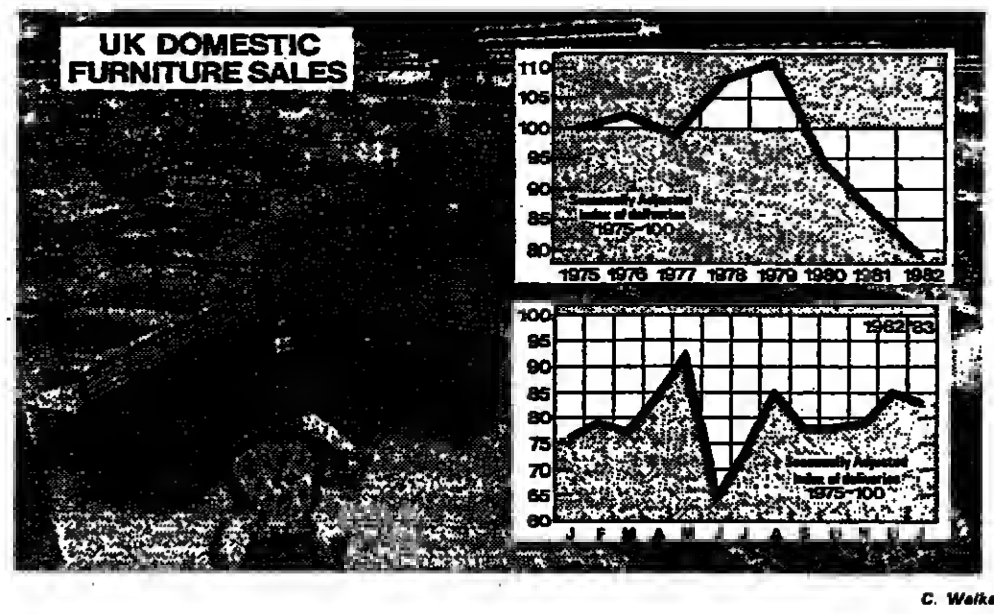
Retailers' conservatism has in turn made manufacturers unwilling to risk the cost of trying new products. "It's a chicken-and-egg situation," says Mr Arenson. "If the design was different, the retailers didn't want to know. It is a very stick-in-the-mud industry and it hasn't changed its spots in the past 35 years."

Although attitudes may not have changed very much—with some exceptions—the retailing side of the industry is beginning to take on e significant new shape. The traditional high street independent stores are showing signs of going the same way their counterparts in the grocery and DIY trades did in the 1970s.

They are coming under increasing pressure from megastores like MFI, out-of-town greenfield operations like George Pryce's Hayes exhibition centre and speciality shops selling fitted kitchens or bedrooms made by companies like Moben.

According to FIRA, the independents' share of total furniture sales has declined from 25 per cent in 1977-78 to 20 per cent last year, while the megastores' share has risen from 19 per cent to 24 per cent.

Mr Arthur Southon, chairman of MFI, attributes the strength of his company, which recorded a 58 per cent increase in pre-tax profits to £11.28m et its last interim stage, to efficient service and a close relationship with suppliers. Price competitiveness has enabled him to attract people who would otherwise never buy furniture. At the same time, MFI has been eble to produce self assembly furniture of a quality which it claims is at least as good as the professionally made variety.



C. Walker

The strength of retailers like MFI, which dominate e particular segment of the market, means that it is difficult for both manufacturers and retailers to spread themselves over several areas. The most rational manufacturing companies, says Silentnight's Mr Clarke, have reacted by consolidating their hold on the area they know best, "rather than trying to be all things to all people."

The recent agreement by GEC and its troubled furniture subsidiary Schreiber to sever their links could be seen as an example of such a move. Another case in point is Christie-Tyler, which holds 20 per cent of the upholstery manufacturing market. Last year, the company closed its subsidiary, Associated Upholstery, which operated at a cheaper end of the market than the rest of the group and lost £2.3m in 1981-82. Christie-Tyler operates across tha whole spectrum, but does much better at the top end.

Mr Kevin O'Sullivan, the group finance director, says the company's stake in the bottom end of the market made what was essentially a concern centred on a higher end too sensitive to fluctuations in volume.

Habitat's continued concentration on the middle class market is a major key to its success — a pattern it is following with its recent takeover of Heals, which will give it access to slightly older customers in the same class.

Market changes apart, the whole of the furniture trade has been increasingly squeezed in recent months by the weakness of sterling, which has pushed up the cost of imported timber and textiles by as much as 30 per cent in some cases.

"We would like to buy in the UK," says Mr O'Sullivan. "But less textile companies are about because of the length of the recession. One also has to buy where the designs are right. Certain sorts of fabrics are just not available at the right prices in the UK."

Sir Terence agrees that prices are a problem for British manufacturers. Most of his products are designed in Britain, however, and he finds UK manufacturers competitive on prices for veneered chipboard, upholstery and cabinet work. But when it comes to solid timber furniture, the British cannot compete with the Eastern bloc on prices.

"UK manufacturers are perfectly capable of producing quality products. The point is that product costs do not matter in Comecon countries," says Sir Terence. According to FIRA, the Eastern bloc accounts for 9 per cent of the value of British furniture imports.

One area of the industry—albeit a minor one—is growing vigorously. Systems furniture, designed to complement and accompany computer hardware in offices, has shot from zero turnover three years ago to £39m in 1982. A growing number of manufacturers like Arenson, previously devoted to the conventional furniture market, are making inroads into this new field end challenging established concerns like Vickers Furniture, a subsidiary of the engineering company.

But for the industry as a whole, says Silentnight's Mr Clarke, a better standard of professional management is the key. "The problem is that more managers are interested in making bedding or upholstery than making money."

TECHNOLOGY

EDITED BY ALAN CANE

FROM IMPORTER TO EXPORTER IN FIVE YEARS

Turnaround of the small pipe benders

BY ELAINE WILLIAMS

PIPE BENDING may sound like the occupation of a circus strongman but it is a business upon which the recent success of a small machine tool company is founded.

Five years ago the Addison Tool Company was an importer of machine tools. Today it is a manufacturer and exports 75 per cent of its output.

Such a dramatic turnaround in the company's business came out of the realisation that it could improve upon the imported products that it was selling. Last year the Government's Small Business Bureau selected the company for an award for import substitution as an acknowledgement of that success.

Applications

Pipe bending is an important function in a wide variety of industries such as aerospace, motor, shipbuilding, and even the furniture industry. For example, there are four miles of tube in Concorde. The total world market for pipe bending machinery is between £30m and £40m says Mr Addison.

Applications include exhaust pipes which was one of the first markets Addison entered when it developed its own machine. Addison brought in an engineer from Burmah Oil's subsidiary Quintin Hazell, which makes its own bending equipment to head the company's design team.

The company has developed a range of pipe-bending machine tools based on computer numerical control to compete against U.S., West German and Italian makers. Since it introduced its first machine three years ago it has sold over 40 machines to overseas customers.

Last year the company's turnover reached £5m. This year Mr Edward Addison, who founded the import company in 1956, hopes that the group will grow to a £6m turnover.

Now the company realises that it must keep pace with technology if it is not to fall by the wayside as so many other companies in the British machine tool industry have done. In fact, little is left of the British pipe bending industry and most of Addison's competition comes from abroad such as Eaton Leonard in the U.S., once Addison's supplier, Pines in the U.S., Schwarz Wirtz in West Germany plus a number of makers in Italy and Sweden.

So it is spending between 5 and 6 per cent of its turnover on the development of new products. Mr Addison said that the company had already spent £750,000 on its factories in Preston to make and design new pipe bending equipment.

Lately the company has built bigger machines to cope with larger diameter pipes for the shipbuilding industry, for example, and has orders which stretch several months ahead from customers in countries such as South Africa, the U.S. and West Germany.

This first PB 170 SA which features joystick control with LED position displays has been delivered to British Shipbuilders

However, the company would like to develop the range of machines further with even greater degree of automation especially on the feeding of tubing to the machine and handling the complex shapes after to bending to the next stage of processing.

Sophistication

The problem here is that the amount of work and cost involved in automating the rest of the process may not be justified by the final product cost or customer interest in such sophistication. Addison is concerned that any new machine meets the market needs at a reasonable cost.

Mr Addison said that future products must be reasonably priced, easy to set up and have a low labour content. For example, its first CNC machine Mr Addison says is still half the price of its competitors.

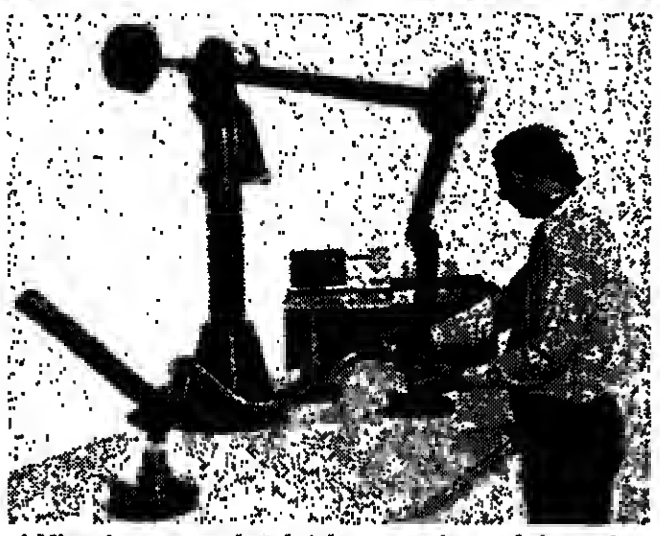
Recently the company developed a new computer based machine to accurately measure protoype tube shapes so that they can be used to feed information directly into CNC tube bending machines.

Using a known reference point a probe is moved around the length of the tube and measurements automatically read into the computer. The computer can then translate these into the co-ordinates needed by the bending machine which are length to bend, bend angle and bend twist because the bends might not all be in the same plane.

The machine also has to take into account the pipe material because the pipe will always tend to spring back to a certain degree. The output of the measuring instrument can be in the form of magnetic tape, floppy disc, or bubble memory cassettes which slot into their own automatic machines. As well as is used in preparing instructions for production runs it can be used to check that the production tubes comply with the specifications and make any corrections in the pipe bending machine.

For the development of its next products Addison hopes to take advantage of some of the Department of Industry grants available under the Support for Innovation Scheme. The company has already had an introductory meeting with Mr Geoffrey Yates, one of the DoI's industry advisors who is based in the region. He is one of three such advisors in the country whose job is to encourage industry to take up grants for new products, processes and automation of business.

Mr Yates says that his job is to increase the present poor take up of government grants by industry. As a former industrialist Mr Yates says that he is an ambassador to industry hoping to spread awareness of the government's many aids to business. Certainly Addison is aware of the scheme and plans to have further talks with Mr Yates.



Addisons' computer based tube measuring and inspection machine available, the company claims, at a price much below anything else on the market

Quicksilver introduced by NCR

Front-desk accounting system for hotels

A FRONT-DESK accounting system for hotels, called Quicksilver, has been introduced by NCR for use in establishments with up to 200 rooms. It takes the form of a stand-alone terminal with keyboard, screen, 27 programmable function keys, a slip receipt and journal printer and an integrated digital cassette.

The company claims that Quicksilver provides for the small to medium-sized hotel the same organisational and financial efficiency that until recently has only been available to large companies and multiple operations.

For about £6,900, including software, NCR says that proprietors can benefit from complete control from check-in to check-out. More on 01-388 8244.

MESSAGE DELIVERY

Electronic mail service in Europe

BY GEOFFREY CHARLISH

MOHAWK DATA SCIENCES (MDS) has launched its electronic mail service in Europe by which messages and documents are collected from and delivered to subscribers' MDS Series 21 computers automatically over phone lines. The computer can at other times work as a distributed processing system within a company's corporate data processing network.

The addressee can be another subscriber, a telex terminal or even a subscriber's existing computer or word processing system.

Called WINC (worldwide integrated communications), the service is provided under a Department of Industry licence for value added network services (VANS) and will be offered on 90-day contract terms from May 1.

Pricing has been fixed to encourage experimental or pilot systems and subscribers can start using the service at about £30 a month.

At the heart of WINC is a new MDS computer centre at Putney, London. This UK centre is linked to an established centre in the U.S., where the service has been running for some years.

The London computer will automatically dial subscribers at pre-determined intervals 24 hours a day, anywhere in the world.

These intervals can be varied according to the subscriber's needs, from every 15 minutes up to two hours. When called, each Series 21 machine and the WINC computer collects all completed correspondence.

During the same call WINC delivers, for subsequent printing, all messages addressed to that particular location from other terminals.

Subscribers have access to other public and private networks; for example, telex and the North American international record carriers. It is also planned to offer access to the packet switched services and teletext.

WINC also has message-switching facilities. No matter how many locations are addressed on any one message, it only has to be typed once, using a simple header for each destination. Then, the central computer, acting as an electronic sorting office, interprets the codes and automatically delivers the message to each location.

For users with a small number of terminals or small traffic volume, pricing can be use-sensitive. For those with high volume or their own communications networks, fixed pricing schemes are offered. More on 01-874 6404.

Point of sale terminals

Thorn-EMI unit may fill a gap

THE LATEST point-of-sale terminal from Thorn-EMI Micrologic, the 30/03M, is aimed at general retail applications and has on-board intelligence to allow stand-alone operation.

Making use of a Motorola microprocessor, the unit conducts transactions and gathers data about them during the day and can then send and receive data over telephone lines from a remote mainframe computer overnight, when transmission costs are low.

The machine has an integral keyboard, a 37 character orange plasma display, receipt printer and an audit roll within the single housing. Bar code readers and laser scanners can be connected.

David Allen, marketing director, believes the terminal will fill the gap between the electronic cash register and the more sophisticated point of sale terminals. He says: "The typical user will operate less than 50 shops selling items with an average sale of about £10." More on 0234 854242.

G.C.

Weather

Milos station

THE MILOS automatic weather station has been introduced to the UK by Vaisala (UK), 11 Billing Road, Northampton (0604 22415). The station is designed to carry out a complete surface observation interfacing with nine meteorological sensors.

Milos can measure automatically, process and record data on temperature, wind speed, wind direction, humidity, atmospheric pressure, rainfall and sunshine.

Data may be transmitted by telephone or VHF radio, either automatically or through interrogation while a recorder can log up to six months of data on a single cassette.

The system can be connected to a printer, CRT display or closed circuit TV network or computer. Battery or solar power operation is available for remote locations.

Monitoring

Gases detection

A NEW range of sensor and monitoring equipment for the detection of flammable and toxic gases has been launched by Chubb Fire Safety, Poole, Dorset.

The new range includes the series 100 Series flammable gas electro-catalytic sensors, hydrogen sulphide and other fast response detectors for identifying toxic gases, control units and portable systems. More information on 0202 735 495.

Air filters

RANGE of high efficiency compressed air filters is available from Deltech Engineering, Woking, Surrey. It incorporates a filter element which changes colour when saturated with oil to indicate it needs replacement. More on 04862 64125.

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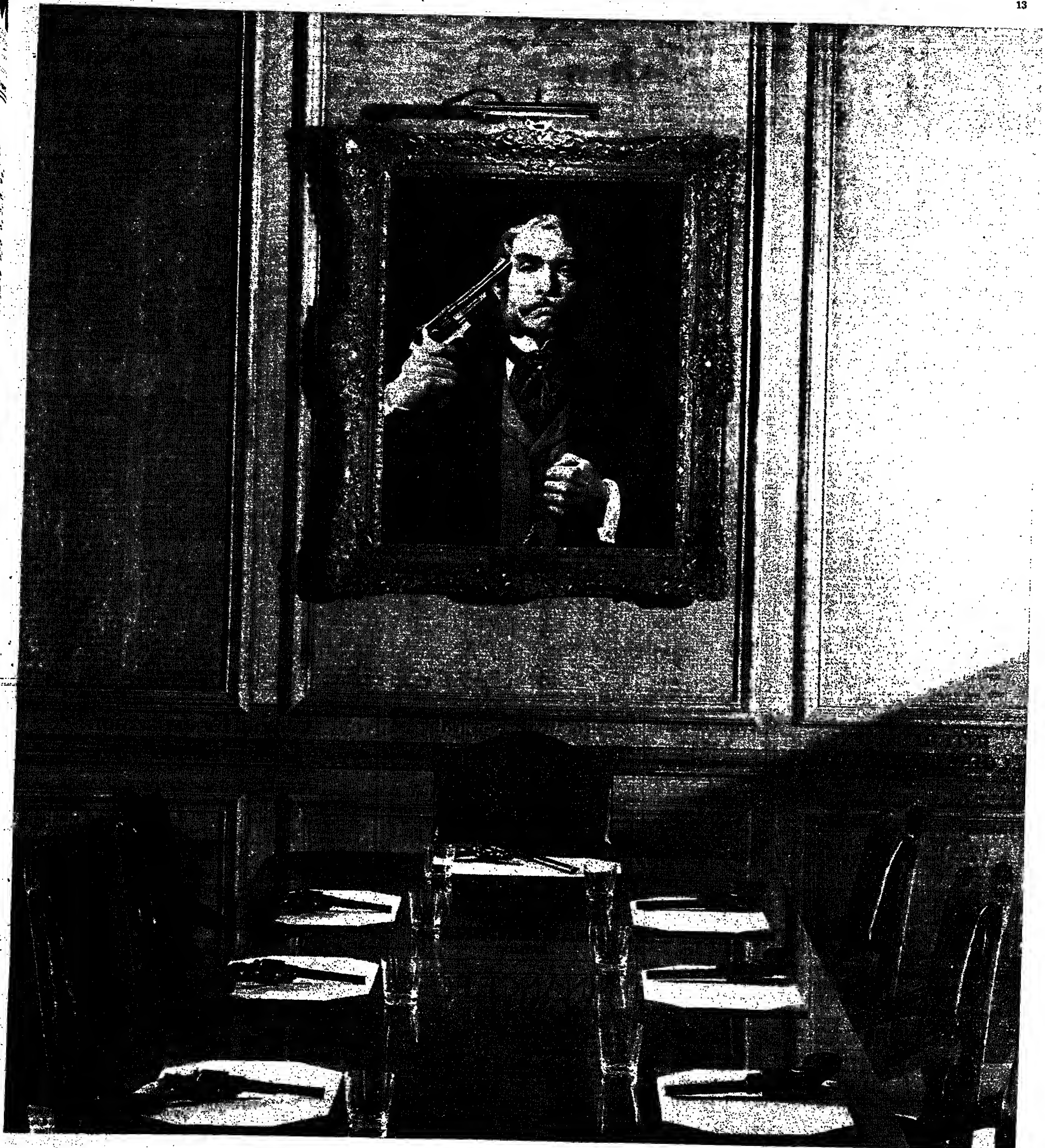

If British business dies, the coroner's verdict will be suicide.

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After all, competent young workers with practical experience do not drop from the sky.

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But unless you come forward to help make the scheme work, it won't work. And perhaps you won't either.

For further information, simply dial 100 and ask for "Freefone Moorfoot" Mon-Fri 8.30 am-6.00 pm or fill in the coupon below.

To: Youth Training Scheme, Room E721. Manpower Services Commission, FREEPOST, Sheffield S14 BR. No stamp needed.

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THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Why sick pay complexities should concentrate the mind

BY TIM DICKSON

ON APRIL 6, legislation comes into effect which changes the whole basis on which sick pay will be paid in the UK. Despite the approaching deadline, however, there is strong evidence that a great many companies still do not appreciate that *all* employers then become responsible for paying employees during their first eight weeks of sickness in any one tax year.

Indeed, any company still unaware of its obligations under the new Statutory Sick Pay (SSP) rules will find that it should already have been keeping records of sickness to ensure proper compliance with the law.

In many respects, small businessmen will welcome the change. Among reasons given by the Government for shifting the administrative burden from the Department of Health and Social Security to employers, for example, is the likely removal of around 3,000 civil servants.

Duplication of effort by business and the state will also be reduced, an estimated £90m of public money will be saved and, most significantly, the vast majority of sickness payments will, for the first time, be taxed and subject to National Insurance contributions. The point here is that because the current state sickness benefit is paid free of tax, employees who continue to receive full pay can be better off ill than at work.

Although this anomaly will disappear — presumably reducing absenteeism — the initials SSP are still sending shivers down the spines of even the most experienced and hitherto unshockable employers. About 90 per cent of employees are covered by some sort of occupational sick pay scheme, but the nightmare will be co-ordinating these with the new state arrangements.

The rules contain numerous exceptions and qualifying conditions, extensive and detailed records have to be kept to show to DHSS inspectors, and substantial fines and penalties can be imposed for failure to comply. Inevitably small businesses with limited management time and resources have been struggling to come to grips with the new requirements.

In a nutshell the new scheme means employers have to calculate the sick pay due to their employees when they are ill. Payments, which should be made with the normal weekly or monthly wage, are then recovered from the Government by knocking them off the monthly cheque sent to the Inland Revenue in respect of National Insurance contributions and PAYE monies.

Would that it were as simple as this.

The Employers' Guide to Statutory Sick Pay (NI 227—available from any DHSS office) runs to 59 pages but the following is a summary of the main steps and the biggest problem areas.

The first thing to sort out is what is meant by "qualifying days." These are days for which SSP is payable and they generally correspond to days worked under contract or days which reflect the employee's normal working pattern. Employees and employers have to come to an agreement themselves. Thus while Monday to Friday will presumably be the most common "qualifying days" for most full-time staff, weekends may have to be taken into account for, say, security men or shift workers.

SSP, however, is not paid out on every "qualifying day." The amount of entitlement is based on an employee's "Period of Incapacity for Work" (PIW) — broadly any period of four or more consecutive days of illness — and the number of "qualifying days" within that PIW. No SSP is paid for the first three "qualifying days" (known as the waiting days) but thereafter it will be due in 1983-84 at the rates shown in the table.

Any periods of illness, meanwhile, separated by less than 14 days form part of a "linking period" and are treated as one. Thus if an employee who qualifies for SSP is sick from Monday to Friday one week, returns to the office after the weekend but in his excitement breaks his leg the following Thursday the three day "waiting period" does not have to be repeated.

Given the complexity of the rules just outlined it is vital that employers maintain valid records. Records indeed should have been started on February 8 because information on staff sickness is needed eight weeks before April 6. Employees continue to receive traditional social security benefit beyond the official start up of SSP until a clear eight-week period has elapsed since the last bout of illness. Effectively this will apply to anyone who is sick between February 8 and April 5.

Records will have to show the following for each employee: the period of incapacity for work; qualifying days agreed; gross amounts paid out in SSP; and reasons for withholding SSP. All this information has to be kept for three years after the end of the tax year to which it relates.

One of the most important steps for employers is to establish their own rules for notification of absence. It should be made clear who to contact and how — eg by telephone or in writing, or both. No particular time can be specified but if notification is not made on the first "qualifying day" employers are entitled to withhold SSP for the number of qualifying days it was late. SSP, however, may only be withheld if there is no "good cause" for the delay — no definition is provided in the regulations but an employee living alone without a telephone would obviously have a strong case.

Employers are allowed to ask for evidence of incapacity — for between four and seven days the employee can sign his or her own certificate (known as self-certification and introduced last June) but after seven days a doctor's note is required.

According to the Industrial Society, which since December has handled roughly 230 enquiries on SSP, one of the major areas of concern has been holidays. In theory employees could come back from two cold weeks in Halkidiki, claim that they had been ill and seek SSP for qualifying days and then demand another break later in the year. Gail Cookson of the Industrial Society says that to avoid this possibility, qualifying days during holidays could be reduced—legislation requires though that there is at least one qualifying day every week of the year.

Understandably computer software houses have spotted an opportunity for new business and ultimately computer programmes may be the answer for many companies, big and small. According to Peter Startup, associate director and head of technical support services for CMG Computer Management Group, demand for the company's Micro SSP system has not been particularly strong.

"The feedback from our salesmen is that people are waiting to see the impact of SSP and are planning to operate a manual system until they fully understand the implications."

Startup's advice is that companies should go for a separate SSP system and not rely on modifications to an existing monthly payroll system. "The law requires companies to inform people who will be excluded to the state system within seven days. Much depends on how far companies deviate from the strict letter of the law and how strongly the law is enforced."

Quite so. A DHSS spokesman emphasised that the main role of inspectors would be to help and advise. Except in clear cases of evasion there is every chance that the DHSS will take a sympathetic attitude towards those which have been slow to grasp the rules, or as yet don't understand them.

"Show me where it says I have to pay you sick pay because you fell down the doctor's steps after collecting a sick note . . ."

Key points for employers

Weekly rates

THERE are three weekly rates, fixed according to the employee's normal weekly earnings:

£27.20 SSP for those earning between £32.50-£48.49; £33.75 SSP for those earning between £48.50-£64.99; £40.25 SSP for those earning £65 or more.

Checklist for action*

Review all rules of occupational sick pay scheme.

Consider the rules of company scheme and rules for SSP.

Identify any changes that will have to be made to bring the two into line.

Review existing records, control procedures, etc.

Ensure that all existing administrative and payroll arrangements can cope with SSP.

Draw up rules for getting 'evidence of incapacity,' eg self-certificates, medical statements etc.

Give information on SSP and State benefit entitlement available after April 1983 to all employees.

Make all necessary changes to written particulars, company handbooks etc and consider including SSP payments.

Inform all staff about new SSP rules and arrangements through team briefing and normal communication channels.

Those excluded under the rules

Certain groups of employees are excluded from the SSP system. These include any employee who:

- is over 60 (woman) or 65 (man);
- is under a contract of less than three months;
- earns less than £32.50 a week;
- has within the last 57 days received sickness benefit; invalidity pension or maternity allowance;
- is on strike;
- is more than 28 weeks pregnant or who has given birth within the last six weeks;
- is sick while outside the EEC;
- is in legal custody;
- *has already received* 8 weeks' SSP from you within the last tax year.

If your employee is sick and falls into one of these categories you must explain why you are not paying SSP and give him or her form SSP1(E) within seven days so he or she may start claiming traditional sickness benefit.

**Taken from "A guide to statutory sick pay," published by the Industrial Society, 3 Carlton House Terrace, London, SW1. Price £3.50. Two other books with the same title—"Statutory Sick Pay, a practical guide"—are published by Duncan Publishing of 3 Colin Gardens, Hendon, London NW9, and Oyez Longman Publishing of 21-27 Lambs Conduit Street, London, WC1. Prices £6.80 and £2.95 respectively. In addition William Mercer, benefit consultants, have just produced a glossy wall chart which sets out the main steps. Available from 4 Southampton Place, London, WC1. Price £5 inc p and p.*

Widening demand for small firms service

AN IDEA of who uses the Department of Industry's Small Firms Service—and why—is provided for the first time in a new set of management statistics.

These show that throughout Britain last September the Service received an average of almost 4,000 enquiries a week—with more than 3,400 coming in weekly during the traditionally quieter month of December. They cover, it should be stressed, only the information and guidance activities of the 12 regional offices of the DOI Small Firms Service in England and the advisory services run by the Scottish and Welsh Development Agencies. The counselling service — under which retired businessmen offer more detailed advice on management, marketing and finance —is not included.

Broadly speaking the message is that while start-up problems are the most common, existing businesses are slowly turning to the service. This is a trend the DoI wants to encourage.

Taking September as an example, the figures show that by far the majority of queries (82 per cent) are received by telephone; 15 per cent are from people who call in person (the Manchester location, for example, is particularly central); while the rest write.

The companies seeking help are mostly in the service sector (48 per cent), followed by retail (18 per cent), manufacturing (15 per cent) and construction (3 per cent). The rest were those thinking of starting a business but whose plans were not fully developed.

"Clients" were also labelled by size with the vast majority either start-ups or one or two person businesses. Eight per cent had between three and ten employees, three per cent between 11 and 25, and 1 per cent between 26 and 100.

Apart from "start-up" queries, the biggest preoccupation of businesses was finance. "Publications", "management" and "employment" are listed as the next most important categories, with "exports", "technical" and "expansion" scoring low marks.

In brief . . .

ALTHOUGH the five point economic initiative for Northern Ireland announced last week is primarily designed to tempt more big companies to set up or expand in the Province, the 100 per cent de-rating of industrial premises is a significant boost for all manufacturing firms there. The proposed new advisory service on production methods and processes, moreover, will be open to companies regardless of size. Small business support in Northern Ireland is directed through the Local Enterprise Development Unit. Tel: 0232-691031.

●

THE Sixth annual National Small Firms Policy and Research Conference will be held at Durham University from Thursday, September 1 to Saturday, September 3. Papers have already been commissioned from leading policy institutions while applicants wishing to offer work must send a synopsis by April 22. The conference fee is £120, though bursaries of £40 are available in some cases. Details from Mrs Joan Storey, Durham University Business School, Mill Hill Lane, Durham DH1 3LB. Tel: 0385-41919. Ext 57.

●

DETAILS of small firm measures, technical advice, information services and official support for innovation are all listed in a new Government guide called "Industrial Support." Published twice a year, the first issue is available free from "British Business," Freepost, London SW1P 4BR. Tel: 01-211 6074.

●

THE 100th enterprise agency to be set up in the UK—the Darlington and South West Durham Business Venture—was recently opened by John MacGregor, the Industry Minister with responsibility for small firms. An up-to-date list of agencies—which typically handle small business queries and are backed by large or local companies and local councils—has just been published by Business in the Community. Available free from 91 Waterloo Road, London SE1 8XP. Tel: 01-928 6423.

T. D.

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Company engaged in Tooling manufacture for the Automotive and Domestic Appliance Industries. Turnover £780,000 p.a. Interested in finding a Partner in the same or allied field, to concentrate manufacturing on one site so that a more efficient production unit could be organised. Modern single storey Premises and Plant available. Write Box F.3036, Financial Times, 10, Cannon Street, London EC4P 4BY.

Readers are recommended to take appropriate professional advice before entering into commitments

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FILM RIGHTS OPPORTUNITY

Interest is sought from individuals or companies to purchase a legally protected part of the copyright and proportionate world-wide royalties of a film being developed for international sales. The film is already part financed and is at an advanced stage of pre-production.

Units of minimum £10,000 are available and a more substantial involvement in the budget of £1.3m. is also invited. A trust account has been established to safeguard the majority of all funds until the total budget is reached.

For details ring 01-836 9945/8 or write: Third Wave Films Ltd., 11 Grape Street, London WC2H 8DR.

THIRD WAVE FILMS LIMITED

100% CAPITAL ALLOWANCES

Two first-class 6-berth canal cruisers just available for 1983 season in South of France. Proven management and 3-year minimum income guarantee. Total cost £50,000.

For immediate action contact:

CAPITAL EQUIPMENT TRADING LTD.
107 Jermyn Street, London S.W.1
Telephone 01-930 8367

A NEW DEPARTMENT STORE NAME IN THE HIGH STREET

An opportunity to share the success of a household name on the continent who wish to expand their expertise to this country by way of a franchise agreement.

Write Box F3849, Financial Times 10 Cannon Street, London EC4P 4BY

CONSULTING ENGINEERING—BUILDING SERVICES

A substantial long established Australian company, operating throughout Australia and the Pacific region and interested in extending its practice to the United Kingdom invites expressions of interest from UK based organisations. Fields of activity include: mechanical, air conditioning, electrical, lifts, fire, hydraulics, energy, audit and management, telecommunications, general communications, process services and diesel power generation. Would principals only please respond to the Box number below and further contact can be expected from our chairman when he visits London within the next few weeks.

Write Box F3930, Financial Times 10 Cannon Street, EC4P 4BY

DEER PARK DEVELOPMENT

Professional Wildlife Biologist and Breeder of deer seeks corporate or private investor for commercially oriented deer park development, possibly including a conference and training centre facility. Advertiser will invest own moderate capital sum also. Outline proposal and references available to serious inquirers on basis of mutual confidentiality.

Write Box F3923, Financial Times 10 Cannon Street, EC4P 4BY

STOCKBROKERS

An opportunity to get away from London and continue your business in more pleasant surroundings in a well established expanding branch office.

Apply to: D. H. MILLNS, A. J. BEKHOR & COMPANY, 2 QUEEN'S GATE, 1 OSBORNE RD SOUTHSEA PO5 3LX

BUSINESS OPPORTUNITY IN SWITZERLAND

Large industrial site near Basel, Switzerland, available for Textile or Light Industries. Attractive rental. Very good work force. Low company and private taxes. Management can obtain Swiss working and residential permits

Write for full details to: E. Schneider, PO Box 6186 CH-8805 Richterswil, Switzerland

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INBUCON

Microprocessors Optics Mechanics

Soon to be available is a skilled, capable and versatile work force of up to 500. This non-unionised, responsible team comes with an enviable record of productivity, flexibility, and achievement demonstrated in a demanding, multi-product environment.

These advanced assembly and test capabilities are based in two factories in Cheltenham, Gloucestershire, England.

Only as a result of international rationalisation does this opportunity occur.

Any company considering expansion or the establishment of a new unit which will require 'todays skills' should learn more about this situation.

Contact in the first instance, in confidence: Dennis Henry,

INBUCON MANAGEMENT CONSULTANTS LIMITED, 197 Knightsbridge, London SW7 1RN. Telephone: 01-584 6171. Telex: 916533 RELCON G.

DANISH BUILDING SYSTEM A/S
IS A GROUP OF SPECIALISED COMPANIES WITH LONG-TERM EXPERIENCE IN TIMBER FRAMED HOUSE BUILDING

The group has formed an export company in order to develop an entry into the UK market with the co-operation of David Love Associates Limited, PO Box 3, Hamble, Southampton. Telephone 0703 (Southampton) 455619. After market research, designs have been developed for the UK market which incorporate the high quality and careful detailing that is associated with Scandinavia.

The managing director of Danish Building System A/S, Mr Knud Lolokkegaard will be in London at the Europa Hotel, Grosvenor Square, London, W1 where an exhibition presenting major elements showing examples of construction will be on display, detailing doors, windows, kitchen units, bathroom units, heating and electrical systems and insulation systems. Both Mr David Love and Mr Knud Lolokkegaard will be at the exhibition and would welcome visits from members of the construction industry and professions who have an interest in housing.

THE EXHIBITION WILL BE OPEN MONDAY & TUESDAY 28th & 29th MARCH FROM 10.00 AM TO 7.00 PM

Have your own Company in Panama

If you wish to create such a company, we shall form it for you within the month. Preliminary expenses come up at $2,150 (two thousand one hundred and fifty dollars) for a paid-up capital of $1,400. Yearly overheads come up to $250 (two hundred and fifty dollars).

Information from: Valex International Trading Corporation c/o Maître Patrick Heiniger, Rue Beauregard 9, CH-1204 Genève

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London W1Y 1DE
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Intelligent Financial Planning

AN ASSOCIATE PARTNER IS REQUIRED

by an International operation with emphasis on the American, Far Eastern and British markets within a much sought after service industry. The selected candidate will be required to respond to legal and national advertising and for compilation of clients' details prior to submission to Head Office and should therefore have had suitable exposure to office procedures or training in one of the disciplines; relocation is unnecessary. Please submit curriculum vitae to:

The Principals Prestige Connections Club Box F3928, Financial Times 10 Cannon Street, EC4P 4BY

U.K. BASED MARKETING COMPANY

with 30 years experience of selling building materials to overseas markets, and particularly the Middle East, will consider adding U.K. manufactured products to their sales programme.

Write Box F3921, Financial Times 10 Cannon Street, EC4P 4BY

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FOR INSULATION MANUFACTURING AND DISTRIBUTION BUSINESS

Under USA license for alternative to UF Foam. Huge potential for active or silent participation within or outside current UF industry. Persons interested in financial or expert participation ting:

Arthur Rickarby, Brentwood 215503

BUSINESSES WANTED

NORTH SEA—OIL AND GAS

A major international organisation with existing offshore interests is seeking to expand further into offshore services, with hook up and maintenance particularly in mind, although other support activities are not excluded. Principals only of good repute and standing with the oil companies, plus acceptable performance and profitability records, represented in the Yarmouth and/or Aberdeen districts, should apply to:

Box G8836, Financial Times 10 Cannon Street, London EC4P 4BY

REQUIRED FOR IMMEDIATE ACQUISITION

Controlling shareholding or entire share acquisition of an established company in the Radio Communications and Control industry (incorporating servo-mechanism systems). It is essential that the company has Ministry of Defence Design Approval in the above field. Management to be retained. *Preferable location SE England with freehold premises.*

Apply, principals only, J. R. Sims, Managing Director SECURIGARD INTERNATIONAL LIMITED 22 Welbeck Street, London, W1

LEISURE/HOLIDAY COMPANIES

A rapidly growing diversified group seeks acquisition of private/public company in profitable leisure/holiday business in UK or overseas.

Apply in confidence to: Box G8753, Financial Times 10 Cannon Street, London EC4P 4BY

BUSINESS REQUIRED

Well established Power Plant Assembly Company wish to acquire a company with a turnover of up to £¼m or potential, in related products, i.e. control equipment, UPS systems, power conditioners, controllers and regulators, energy conservation controls or electrical and electro/mechanical contracting in specialised areas — distributors of electrical or electronic engineering products. Preferably in the north west of England.

Please reply in confidence to:

Lewis Alexander and Collins, 103 Portland Street, Manchester

We seek to acquire CONTRACT HIRE COMPANIES

Currently operating Car and Van fleets in excess of 100 units *Please write in the strictest confidence to:* The Managing Director COWIE CONTRACT HIRE LTD Hylton Road, Sunderland Tel: 0783 44122

COMPUTER BUREAU WANTED

Well established Computer Bureau offering a wide range of Financial Accounting packages wishes to expand its activities by acquiring a company providing a similar or complementary service. Turnover £½m upwards, management continuity important, preferred location Greater London, but any proposition considered.

All replies in confidence to Box G8828, Financial Times 10 Cannon Street, EC4P 4BY

WANTED
ESTABLISHED REPUTABLE MAIL ORDER COMPANY

Location and freehold assets not essential

Please reply to Box G8827 Financial Times 10 Cannon Street, EC4P 4BY

FUNDS

for controlling interest in medium sized Engineering and/or Manufacturing Company. All replies will be considered in depth and treated in strictest confidence

Please reply giving company and product details to Box G8825 Financial Times 10 Cannon Street, EC4P 4BY

We are enthusiastic buyers of **CONTRACT HIRE COMPANIES** operating any number of *Cars & Vans* *Please write to:* Victor Irving FINANCE LEASE LIMITED 104-107 Bromsgrove St, Birmingham B5 6QB - Tel: 021-622 6776 Strictest confidence observed

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COMPANY WANTED—Plastics Engineering Company in South East seeks to extend its activities into Light Fabrications, Precision Metal-working etc by acquisition. Interested in purchase of small company having suitable skills and enjoying about 10 persons. Write Box G8824, Financial Times, 10 Cannon Street, London, EC4P 4BY.

LAND/HOUSE BUILDING COMPANY REQUIRED

John Maunders Construction Ltd., operating for over 70 years and now one of the largest house building companies in the North West is seeking to acquire prime residential land (5 acres up to 50 acres) with outline or detailed planning consent.

Alternatively to assist our expansion programme we are keen to acquire a well established house building company with a proven track record and a substantial land-bank anywhere in the U.K. Existing management will be retained and substantial funds are available.

All propositions will be thoroughly investigated and quick decisions given.

Principals only reply in strict confidence to:– John W. Maunders Esq., Chairman, JOHN MAUNDERS CONSTRUCTION LIMITED Development House, 30 Crofts Bank Road, Urmston, Manchester M31 1UH. Tel: 061-747 8656

Maunders homes for good living
BUILDERS OF QUALITY HOMES FOR OVER 70 YEARS

BUSINESSES FOR SALE

PARKINSONS LTD.

The joint receivers offer for sale the property, plant and machinery, stock and goodwill of Parkinsons Ltd., manufacturers of toiletry and household products.

Current turnover of this established Burnley based company is £700,000 per annum.

For further information, please contact the joint Receivers:

D. G. ROWLANDS AND A. GRIFFITHS
Thornton Baker
1 Stanley Street, LIVERPOOL L1 6AD
Telephone: 051-227 4211

MEAT PROCESSING

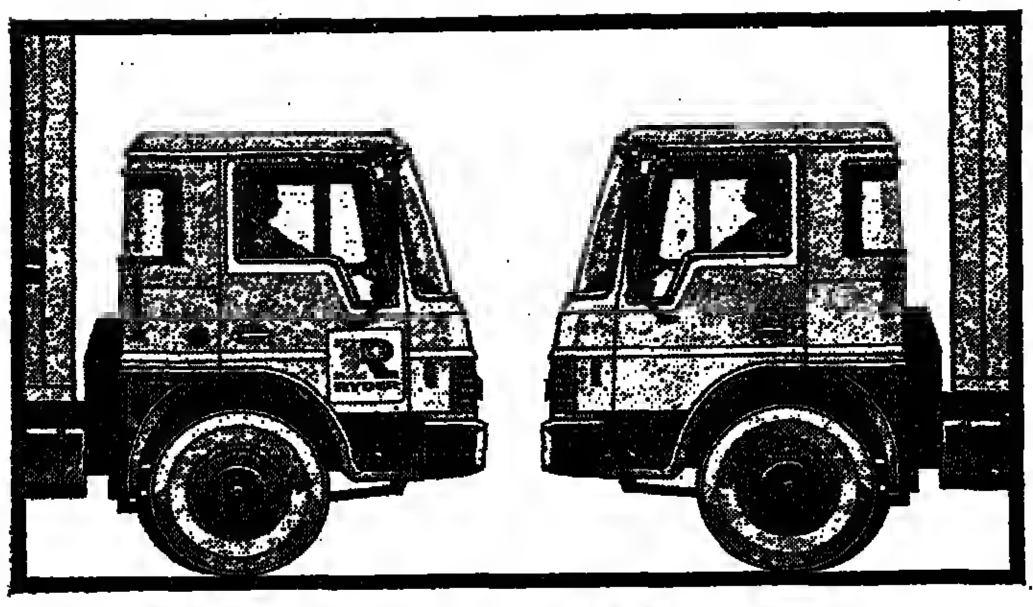
Melward Meats Limited, selling to supermarkets and retailers in the Midlands and the North-East.

Trading from freehold premises in Sleaford, Lincolnshire. The current turnover is £750,000 per annum with a workforce of 26.

Any interested parties should contact:

Nigel Tamplin or John Berney, at: Peat, Marwick, Mitchell & Co., Kingswood House, Pelham Road, Nottingham NG5 1AP. Tel: 0602 625011.

Peat, Marwick, Mitchell & Co.



APPOINTMENTS

New chairman for Ward and Goldstone

Mr Sampson Goldstone is retiring from the board of WARD AND GOLDSTONE on March 31 and becomes life president of the company. Mr J. Peler Frost joins the board as a non-executive director and is elected chairman from April 1. He was chairman and managing director of Thos. W. Ward. Mr Michael H. Goldstone continues as managing director and chief executiva.

*

TYZACK AND PARTNERS has appoinled Mr Nigal Humphreys to the board as managing director from April 1. Mr Humpbreys, who joined the company in 1977, is also a director of Tyzack and Partners (Far East).

*

ROHMN AND HAAS (UK) has appointed Mr H. S. Lockey to its board of directors from March 31. Mr Lockey became general sales manager for industrial chemicals and plastics in 1982.

*

Mr Trevor Allen, managing director, Ebley Tyre Services of Stroud, Gloucestershire, has been elected president of the NATIONAL TYRE DISTRIBUTORS ASSOCIATION.

*

ALLSTATE INSURANCE CO has appointed Mr A. B. Fisher, an assistant general manager, to group investment manager, including investment responsibilities for Allstate Reinsurance; Mr D. Marran, to assistant general manager (systems); Mr P. Cranny, to assistant general manager (underwriting and claims); and Mr G. J. Barratt, south east regional manager, to assistant general manager.

*

ROBERT MOSS has appointed Mr John D. Newman group financial director. He joins from Dorada Holdings where be was group financial director and company secretary, as well as being a director of Dorada's three operating divisions.

*

Mr Grahame Young has been appointed chairman of the BOTB's South East Asia Trade Advisory Group (SEATAG). Mr Young, a merchant banker and advisor to Williams and Glyn's Bank, will succeed Mr Gny Checketts on May 26. The appointment will be for three years.

*

Mr R. J. Clemmow has been appointed director of rock drilling products at GARDNER-DENVER (ROCK DRILL COMPONENTS) and PADLEY AND VENABLES, based in Sheffield. Mr Clemmow re-joins these subsidiaries after a period as director of development for the parent group based in Dallas, Texas.

*

Mr Jim Fallon, MK Electric's director—external relations, has been re-elected to the board of the NATIONAL HOME IMPROVEMENT COUNCIL.

*

Dr A. R. Worthington has been appointed medical director of the BUPA MEDICAL CENTRES. He succeeds Dr H. Berie Wright who, retires in June. Dr Wright will remain as non-executive chairman. Dr Worthington joins Bupa from the Royal Army Medical Corps.

*

Mr Ted Tolliday, recently responsible for all technical areas of Hitachi Sales UK, is joining tha board of MASTERCARE as technical director.

*

Mr G. John Forrest has been appointed to the board of CONSOLIDATED SAFEGUARDS as finance director. Mr Forrest was a senior partner of a City firm of accountants.

*

VALIN POLLEN has appointed Mr Neil Hedges and Mr Howard Lee associate directors from April 1.

*

Mr David J. Duncan has been appointed a director of MPA HOLDINGS from April 1. He joined MPA in 1966, leaving in 1968 to join the World Bank in Washington. He stayed there until 1972 when he rejoined MPA, where he is a specialist in pension fund investment.

*

COUNCIL OF ENGINEERING INSTITUTIONS has elected Dr Wilfred Eastwood as its chairman and Air Marshal Sir Reginald Harland as vice-chairman for 1983-84. Dr W. Eastwood will be entrusted with the task of supervising an orderly transfer of CEI's responsibilities to the Engineering Council.

*

Mr Tom Goddard, managing director of the company's Irish poster company, has been made managing director of ARTHUR MAIDEN.

*

Mr James C. Heron has been appointed a director of the CARROLL GROUP'S property division. He was a director of Cemp Properties (UK).

*

Mr Brian Manley, managing director of MEL and managing director of the Philips Business Systems Group has been appointed to the board of PHILIPS ELECTRONICS AND ASSOCIATED INDUSTRIES from May 1. In addition to his direct responsibility for MEL and Philips Business Systems, he will assume board responsibility for Pye Telecommunications and the Philips Research Laboratories at Redhill.

*

Mr R. D. Gee has been elected chairman of the LONDON GOLD FUTURES MARKET from April 1. Mr Robert Beale has been elected vice chairman.

CONTRACTS

£2.4m Somerset road scheme

A £2.4m road scheme near Yeovil has been awarded to Trafalgar House Group company GEMENTATION CONSTRUCTION by Somerset County Council. The new 6 kilometre road running from Yeovil to the A303 trunk road at Cartgate will follow the course of a disused railway line, running from Yeovil to Durston, and was closed by British Rail in 1964. Although only one broad-gauge track was laid, the route was originally inteoded for two broad-guage tracks, forming an ideal width for a 24 ft wide carriageway. Guttings and embankments will remain virtually undisturbed. A feature will be the preservation of two existing arch bridges carrying highways over the new road. Work starts at the beginning of May, for completion in 15 months.

*

FARREL BRIDGE, Rochdale, part of the Emhart Corp machinery group, has signed a contract with a Bulgarian import agency for a £1.6m 2,000 tonna aluminium press line, complete with all handling equipment. Included are die ovens, handling equipment, a billet heater and machine tools for the die shop. The equipment will be fully operational by the end of 1984.

*

STAR OFFSHORE SERVICES, Aberdeen, has been awarded an air diving vessel contract by Shell UK Exploration.

*

ALFA-LAVAL has won an order worth about £600,000 for three A30 plate heat exchangers in titanium (with Nitrile gaskets), for cooling duties on the gas compression train on Elf Oil's platform in Heindal gas field. Each plate heat exchanger is designed for 50 per cent duty and the system is being installed so that two will be operating with the third available as a stand-by.

*

TURRIFF CONSTRUCTION has recently won contracts totalling nearly £2m. The largest, worth £998,500, has been awarded by Bromsgrove District Council for the construction of 23 old people's flats with communal facilities and 18 bungalows at Charford, Bromsgrove. Hartlepool Borough Council has awarded a £710,000 contract for the modernisation of 74 homes at Seaton Lane, Hartlepool, Cleveland, under a contract worth over £95,000. Turriff will convert flats at Kingshurst, Solihull, for the Metropolitan Borough of Solihull. The revitalisation of five homes at Grangetown, Middlesbrough Cleveland for Bradford and Northern Housing Association is valued at £62,000. Replacement windows are to be fitted in 186 homes at Dunns Bank for Dudley Metropolitan Borough, for about £50,000. Lastly East Staffordshire District Council has awarded a contract for the conversion of a house in Rangemore Street, Burton-on-Trent, to a registrar's office. Tha contract value is about £26,000.

*

VERCON INTERNATIONAL is starting deliveries of suspended ceiling materials to Construction Reconstruction, general contractor for Barclays International Bank in Cairo. The total contract value for supply and installation is about £200,000 and Intercode, in joint ventnre with Vercon International, is carrying out the installation. The management contractor is Costain International.

*

Kuwait National Petroleum Company has selected FLUOR GREAT BRITAIN, Manchester division, to provide engineering and procurement services for a £23m storage tank re-arrangement project at Shuaiba Refinery. Fluor will also provide assistance in construction supervision. The project includes construction of naphtha storaga tankage with a total 900,000 barrels capacity and conversion of other cone roof tanks to floating roof service. The project includes piping re-arrangement, additional pumping facilities and tank fire protection systems.

*

GUNSON'S SORTEX of Bow, E3, has contracts from Hungary and Austria totalling over £100,000. Tha machines for Austria include electronic colour sorters for producers of roasted coffee and also for a plant handling frozen fruit and vegetables. The Hungarian contract is for sorters to handle dehydrated onion slices and other debydrated vegetables.

BUSINESSES FOR SALE

SOFT DRINKS MANUFACTURER

Tingley, Wakefield, Yorkshire

The business and assets of Gomarsalls Magpie Minerals Limited are available for sale as a going concern. Principal features: turnovar approximately £500,000 per annum, long astablishad business with continuing contracts, 20,000 sq. ft. production and warehousing space on freehold property close to M62. Approximataly 30 employees.

Further information can be obtained from the Receiver and Manager:
A. J. Richmond
Peat, Marwick, Mitchell & Co.
Airedale House, Albion Street
Leeds LS1 5TY
Telephone: Leeds 450331
Telex: 557794

AGRICULTURAL MACHINERY

Crompton Engineering—Bodmin, Cornwall

Manufacturers of slurry handling machinary, agricultural machinary and steal fabrications. Tha modarn 4,000 sq. ft. factory stands in 0.6 acres frechold land on an industrial estate adjacent to the A30 and A38 trunk roads.

Apply for further details to:
R. J. Harris, Receiver & Manager
Peat, Marwick, Mitchell & Co.
Phoenix House, Notte Street
Plymouth

FABRIC KNITTING & PRINTING

Assets for sale—Leicester area

Modern factory/offices - 99-year ground lease. Area 8,750 sq. ft. Eight nearly new 30 inch, 28 and 32 gauge circular knitting machines, heat transfer printing machine, inspection machine etc. Fabric and paper.

Please contact:
T. I. Aspell
Peat, Marwick, Mitchell & Co.
21 The Crescent, King Street
Leicester
Telephone: 0533 547272

Peat, Marwick, Mitchell & Co.

SNOB

Receiver seeks offers for the business and assets of SNOB, the nationwide ladies fashion boutique chain. This major business has 29 branches operating from leasehold premises in prime high street locations throughout England, Scotland and Wales. 1982 turnover was £8 million.

For further information, please contact the Receiver:
MAURICE C. WITHALL
THORNTON BAKER
Fairfax House, Fulwood Place
London WC1V 6DW
Telephone: 01-405 8422 • Telex: 28984

MOTOR COMPONENT MANUFACTURER

(M.A.L. Components Limited in receivership)

Business and assets for sale

- ★ Tha company manufactures manual rack and pinion steering racks
- ★ The company also reconditions all types of steering racks (manual and power)
- ★ Tha business is operated from freehold and leasehold premises in Wolverhampton
- ★ The company has full safety approval as original equipment suppliers to major motor manufacturers
- ★ There are approximately 40 employees
- ★ There is a substantial order book

(So as to preserve the substantial order book and customer goodwill, interested parties are requested to make immediate contact to progress negotiations towards a speedy conclusion).

Please contact:
T. A. E. Brookes,
Joint Receiver and Manager,
Peat, Marwick, Mitchell & Co.
45 Church Street,
Birmingham B3 2DL
Telephone: 021-283 1656

Peat, Marwick, Mitchell & Co.

MINNS Music CRANES Music

The businesses and assats of these wall-known companies, established in 1912 and 1850 respectively are for sale.

- ★ Largest piano and organ retailars in Europe
- ★ Seventeen High Street retail shops throughout the United Kingdom, plus warehouse.

Further information can be obtained from:
D. B. Murrell
Peat, Marwick, Mitchell & Co
1 Puddle Dock
Blackfriars, London EC4V 3PD
Telephone: 01-236 8000
Telex: 8811541

Peat, Marwick, Mitchell & Co.

FOR SALE
Engineering Business based in Carnoustie

which specialises in the design and manufacture of high integrity cranes for specialised duties.

Also manufactures stone working machinery and diamond impregnated blades.

Freehold property with open ground.

Full range of engineering plant and equipment available.

Turnover in excess of £1 million per annum.

Current workforce 80.

For particulars of sale apply to:
Mrs I Anderson (Tel. 031-557 2111)

Deloitte Haskins+Sells
29 Abercromby Place, Edinburgh EH3 6UE

TRAVEL AGENCY FOR SALE
£450,000

Well known travel agency with sbop front in smart area of London. Member IATA, ABTA, ATOL.
Turnover, mostly airlines, £3 million, currently netting c.a. £100,000.
The business has high standing in the trade, with clients home and abroad.
Easy to run showing constant figures for 8 years. Purchaser may continue without changa or expand easily. Ideal to enlarge a group's buying power to qualify for increase in base lina commission earnings.
Enquiries from principals only in strict confidence, clearly stating identity.

Write Box G8813, Financial Times
10 Cannon Street, London EC4P 4BY

HOTEL

Situated in 1 Acre
Pleasant Surroundings
FOR SALE PRIVATELY

35 Bedrooms, 14 newly built, remainder completely refurbished in 1980, all with bathroom en suite. Conference facilities for 120 and 40 people. Bar and Restaurant, ample Car Park. Planning permission for Health/Sports Centre.
15 minutes train to Victoria
OFFERS OVER £700,000
No Agents
Write Box G8833, Financial Times
10 Cannon Street, EC4P 4BY

BUSINESS FOR SALE BY RECEIVER
BOTTOMS UP LIMITED
(CHAIN OF OFF-LICENCES)

A well-known chain of superstores engaged in the retailing of wines and spirits. Well-situated licensed retail outlets at:

LONDON: Old Brompton Road, Fulham Road, Waterloo, Notting Hill Gate, Greenwich, Maida Vale and Swiss Cottage (with licence for a wine bar).

Reading, West Byfleet, Cardiff, Sunningdale, Teddington, Brentford, Twickenham, Andover, Winchester, Southampton, Portsmouth, Croydon (includes offices and warehouse), Reigate, Ashford and Romford.

Contact the Receiver:
P. W. G. DUBUISSON
Binder Hamlyn, 8 St. Bride Street, London EC4A 4DA
Telephone: 01-353 3020

PLASTIC BLOWMOULDING COMPANY

Due to illness of Managing Director sale of well established and rapidly expanding

SOUTH EAST

- Exceptional prospects — T/o: £0.5 million in 1982
- High Return — Gross profit 41%, net profit 15%
- Net Asset Value — £122k
- Long lease on Factory, 19,000 sq ft at £1 per sq ft and £5,000 income from part sub-let
- Genuine reason for sale, owner prepared to continue for takeover period

Our misfortune can be your gain
Offers circa £275k
Principals only please reply to Box G8832, Financial Times
10 Cannon Street, EC4P 4BY

MANUFACTURER

whose products include items of gardening equipment

is considering the outright sale of this division. Its products have been established over very many years with a brand and reputation well-known to the trade and the gardening public. The goodwill obtaining could be invaluable to an organisation with a product range and marketing expertise appropriate to large volume DIY/Gardening outlets and mail order business. Ample stocks, spares and accessories available. For an exploratory discussion without commitment,
Contact Box G8830, Financial Times
10 Cannon Street, EC4P 4BY

FOR SALE

£100,000 AS GOING CONCERN
SHOTBLASTING, LINING AND PAINTING COMPANY

Fully equipped on a 1.17 acre Freehold Site, situated Widnes, Cheshire. Turnover in excess of £250,000. Current Order Value £200,000. Asset Value including Site approximately £200,000.

Write Box G8823, Financial Times
10 Cannon Street, EC4P 4BY

Transport Business

GREATER MANCHESTER AREA

Good Premises on Long Lease
Turnover £180,000 p.a.
Business throughout U.K.
Ten Vehicle Fleet
Established 10 Years
Goodwill, Vehicles and Fixtures £100,000

Tel: 061-665 3451

INTERNATIONALLY KNOWN PRODUCT

A West Midlands based manufacturing company currently exporting 70% of its £1.5m turnover to 65 countries seeks a merger. The product, a household name, is mainly used as a component in a variety of industries and utilises in-house precision presswork and high quality finishing facilities. Good asset base with or without freehold property.

Write Box G8829, Financial Times
10 Cannon Street, EC4P 4BY

BUSINESS FOR SALE IN EDINBURGH

with large premises in City Centre
BUILDERS AND MANUFACTURING JOINERS
Plenty scope for expansion
Write Box G8702, Financial Times
10 Cannon Street, EC4P 4BY

HOTELS AND LICENSED PREMISES

FLORIDA

Exclusive Hotel/Restaurant Business for sale. Situated close to Gulf Coast. Newly refurbished with all luxurious amenities, incl. swimming pool. Freehold $3m ($1m cash with $2m mortgage available). Replies to:
Box F3929, Financial Times
10 Cannon Street, EC4P 4BY

OCCASIONAL FURNITURE AND SMALL GIFT LINES

Old Established Manufacturer of
Situated in the North West
(Turnover £400,000)
MODERN FREEHOLD PREMISES
For Sale as Going Concern
Principals reply in first instance to Box G8834, Financial Times
10 Cannon Street, EC4P 4BY

£500,000 o.n.o.

THRIVING SOCIAL PHOTOGRAPHIC COMPANY FOR SALE

Due to Owner's ill health
Established 38 years. Two spacious Shops incorporating large Colour Laboratory. Studio Complex Central West End position
Write Box G8835, Financial Times
10 Cannon Street, EC4P 4BY

IRONMONGERY BUSINESS

FOR SALE IN WEST MIDLANDS

Shop Premises, Goodwill & Fixtures plus Detached Bungalow
Offers over £80,000 plus Stock at Valuation
Write Box G8831, Financial Times
10 Cannon Street, EC4P 4BY

FOR SALE

PROPERTY COMPANY WITH TAX LOSSES

of approximately £350,000
Depending on mode of purchase Tax losses could be materially increased
Write Box G8826, Financial Times
10 Cannon Street, EC4P 4BY

Offers are invited in the region of £250,000

for the purchase of the share capital of a well established business in the South West retailing Office Machines, Furniture and Commercial Stationary. Turnover in excess of £1m p.a.

Enquiries to: Box G8839, Financial Times
10 Cannon Street, London EC4P 4BY

TORQUAY HOLIDAY COMPLEX

Fully Licensed Free House, Restaurant plus 13 superbly furnished self-contained 1/2/3 bedroom apartments. Sea views, central, 1.5 acres, unique. £575,000.
Substantial finance available
BETTESWORTHS
29/30 Fleet Street, Torquay
Tel: 0803 212021

THE ARTS

Time to re-think the role of the Courtauld

Roy Strong assesses the Courtauld on its fiftieth anniversary

The Courtauld Institute of Art is celebrating its fiftieth anniversary. In October 1932 Samuel Courtauld's house in Portman Square opened its doors to the first students in a new discipline in this country called art history. Half a century later it is still just about in that house but with its collections housed a mile or so away above the Warburg Institute in Woburn Square. The latter is reflective of earlier plans, for both Institutes were to be housed in complementary new buildings side by side in the late 1950s. The Warburg's needs took precedent because it had to come out of the Imperial Institute which, apart from its tower, was to be wantonly demolished to make way for Imperial College. Necessity was less pressing in the case of the Courtauld who in the end never came, their collection alone being despatched to what at the time were stylish and sumptuous galleries.

Nothing can dim the glory of the objects but these rooms twenty years on are looking sadly tired and worn. Tastes in the presentation of works of art have changed as well as public expectancy in the way of *ancillary services (the loos are in* the basement). It is not an easy gallery to locate and access is by way of a freight lift. The proposed re-location of the collections along with the Institute itself in Somerset House cannot happen too soon. It is abundantly clear that the present management can do little but make do and mend until the great day.

Still until April 10 there is the bonus of seeing a *new* collection donated to the Institute, that of Lillian Browse. Her taste is sharply different from that of Count Seilern. It is modest and domestic as well as being truly personal. She was a great protagonist of the late *Leslie Hurry* and there's a small group of drawings by him at his best, including an exceptionally beautiful unused design for von Rothbart in the famous *Swan Lake* production of 1943.

The catalogue is a delight for it records her own reactions to her own "things." "I had always wanted to own a *Modigliani* drawing, and so I decided to spend my fee on this drawing which had belonged to Sir Hugh (Walpole), a very good and helpful friend to me." What more does one need to know? Of a spray of cyclamen in a jug by Nicholson she writes: "Marguerite Stean gave the Staffordshire jug to me—its handle had been stuck on since it was painted." Of a Sickert: "I like to play 'guessing' games with this unsigned little panel. Nobody ever knows who painted it . . ."

This is a gentle, tranquil collection, made with little money and much discernment. I had forgotten that Lillian Browse was a ballet critic but the Degas drawings and bronze of dancers, William Nicholson's *Dancing Pumps* and the Rodin series of dancers together with his Nijinsky form a quite outstanding group.

The two galleries beyond house an exemplary little academic *exhibition* on a neglected subject, reproductions made in 18th-century England after old master drawings. It is easy to forget that Arthur Pond, a somewhat depressing painter, was capable of these highly sophisticated combinations of the etching and woodblock process to obtain almost facsimile reproductions of drawings by the Italian masters.

Roger Taylor

Part of the Lillian Browse collection at the Courtauld

This is not an easy period for the Courtauld Institute. It is now not alone in teaching art history, a subject which is also taught at Oxford and Cambridge and in most of the regional universities as well as at University College and Birkbeck in London. Some of its most important scholars have died, retired or left for the United States. It is faced with the problem of declining resources as a result of the cut-backs to the university as *a whole. In addition there* is the problem of the move from Portman Square to Somerset House which seems as remote in terms of reality as most government-funded projects. In the field of fund-raising it has the problem of the massive sums to be raised and that it is one among many in a competitive field. Such a beleaguered existence inevitably can result in a loss of impetus and direction. Looked *at in another way the collec*tions so generously donated to it can be said to have brought with them more problems than they have solved.

The central object of the institute is to teach, and there is no lack of collections to visit in London. If it had been in the Outer Hebrides it would be different. But in an era of finite resources the Institute is faced with the burden of maintaining *what is* a growing art collection with all its attendant problems: exhibition *space*, conservation needs, curatorial expertise and the demands of the public. Any Courtauld director will perpetually be torn between allocating funds and facilities between teaching and running a museum. The latter inevitably suffers, as the recent history of both the Fitzwilliam and Ashmolean museums bear abundant witness.

The Courtauld Institute in its fifty years epitomises the pluses and minuses that the subject has represented in England. On the plus side are the enormous *strides* made in the quality of art-historical research under the impetus of its professors. In addition there are *their* important contributions to conservation studies and the huge visual quarries of the Witt and Conway Libraries. On the whole its initial drive under W.G. Constable to explore the art of this country and its documentation quickly vanished and this was to be left to Pevsner and Summerson in the field of architecture, and the American Mellon Center in the case of painting.

Under Anthony Blunt the aesthete stream stemming down from Pater with its fascination for things foreign became the *main focus of studies. In addi*tion that focus remained on architecture, painting and sculpture leaving the decorative arts and design relatively unexplored. A notable exception to this has been the foundation of a course on the history of dress by Stella Mary Newton. In the 1950s and 1960s, too, the Witt Library's programme of photographing the pictures and sculpture (but not the furniture *et al)* of country houses was a major pioneering effort, opening up to students material long hidden away. It remains, however, to be seen whether the Institute will overcome its present practical difficulties and gather strength for a new and original intellectual thrust to take it into the new century.

Les Musiciens du Nil

Max Loppert

A stylish goodbye to Round House

The closing event of the 1983 Camden Festival was also the final event on the schedule of the Round House. It was entirely worthy of the history and purpose of the place in its artistic incarnation that no funerary ceremonies should have been organised for the sad occasion: lifting the roof, and the hearts of a large audience, with the sound and spectacle of the Upper Egyptian folk musicians who between them constitute Les Musiciens du Nil was certainly a way of going out in high style.

The group was formed in 1975 by the French ethnomusi*cologist Alain Weber (who also* plays in one of the bands). A previous visit to London won glowing opinions, which were massively borne out by Sunday's recital: this music from the upper stretch of the Nile Valley, with *its unfamiliar*, exotic accents, makes on the untutored ear an impact that is as enthralling as it is ineluctable.

According to a note in the *festival booklet*, the *roots* of the performance style can be traced to remote Pharaonic times even through the subsequent layers of change and influence. It was surely not merely newcomers' sentimentality that made of the harsh directness and vigour of the sounds an experience at once pressingly immediate and entirely (even from the short musical episodes which are the inevitable form of such a concert) *timeless*.

The six-man rababa orchestra took up the first hour. It comprises three rababas (the ancient Egyptian form of the violin), a reed-flute player who exhibiting brilliant virtuosity on soprano and alto instruments, and two drummers. There was also song—long stretches of hypnotic pleasure even for those unable to follow words that were evidently provoking the natives in the audience to squeals of mirth and delight. The impassively relaxed bearing of the performers contrasts most saliently with the pungent timbres they produce, the elaborately decorated bursts of stirring unison and descant, the sudden elating charges of speed to signal a number's approaching end. As in every folk-music band of quality, most members can do more than a single performance duty; so it was no surprise to find the leader of the rababas able to swirl and spin majestically around the platform in the process of playing his instrument above his head.

After the interval, we were introduced to the mizmar band—three piercing oboe-relatives accompanied by side drum (and, in the closing number, by two ceremonial stick dancers). The noise, its drone variant kept going by amazing circular-breathing techniques, was tremendous in its insistence, near but never quite across the ear's pain threshold. On the last London visit of the group, according to report, a belly dancer entered the proceedings at a late stage. Sadly, she was not provided on Sunday; but even without an emanation of that kind, this was a sensational evening—a full-blown show that was an ear-cleansing and a wholly unsentimental refreshment of all the other senses besides. The *international ethnic music side*line of the Camden Festival is, on this sort of evidence, one of its most important and rewarding recent developments.

Endymion Ensemble

Dominic Gill

The Endymion is one of London's newer chamber ensembles: founded *just* over three years ago under the direction of John Whitfield, it brings together a distinguished band of young professionals, chiefly ex-principals of the National and EEC Youth Orchestras, to play a broad chamber repertoire with an increasing emphasis on 20th-century and new works. They have been regular visitors to Wigmore Street and Smith Square; but their concert at the Elizabeth Hall on Sunday night was their first appearance on the South Bank.

It is unfortunate that the Endymion's most notable weakness is Mr Whitfield himself. A virtuoso bassoonist, *Whitfield* is also a competent conductor: but he is no more than that. His beat is clear, but dull; his direction holds the music together—but discovers in it few strong or brilliant colours, few surprises. Technically, the playing of the two main and exceptionally taxing works of the Endymion's programme was consistently of the highest standard; with keener and more perceptive direction they could have been very exciting performances indeed.

The American pianist Ursula Oppens and the young Italian violinist Mauro Loguercio (making his British debut) were the soloists in Berg's Chamber Concerto. Miss Oppens's reading of her gigantic solo part was at once physically commanding and curiously dry and unyielding in its physical presence. She seemed nervous, or perhaps uncertain — not about the notes, but about how best to tie them into the instrumental fabric. Whenever it came to a choice between allowing herself an expressive indulgence and hurrying on, she hurried on. The delivery was remarkably exact, but hardly stylish. Loguercio's violin playing was more engaged and engaging: ardent, warmly expressive, of fine-grained sinewy tone, and where it mattered most, precise intonation. An interesting and attractive musical personality, calm but highly charged, that I hope returns to London soon.

The Endymion's horns prefaced the Berg with a splendidly accomplished account, unconducted, of Michael Tippett's bouncy, dull Sonata for horn quartet. And together the whole ensemble under John Whitfield devoted their first half to Mozart's great B flat Wind Serenade K361. The Serenade doesn't decisively need a conductor; it certainly doesn't need one who is mainly content, like Whitfield, to preserve a middling sonority in which no particular weight or priority is allotted to any particular musical strand. Like the Berg, in sum a decent performance; but one which left far too many knots — largely conductor's knots — untied.

Architecture

New York indulges in a mad chase upwards

Colin Amery reports on an exhibition at the Museum of Modern Art in New York which chronicles the renewed interest in building tall —and has his doubts

New York is gripped by a mania. Developers and architects are seized by an erectile urge to build as many tall skyscrapers on as little land as possible. It has always been that way but the spread of the phenomenon of the selling of air rights over low buildings to allow for the creation of high ones—which began in its present form with the raising of the Pan-Am Building over Grand Central Station—has now reached a pitch of madness. Of course it is all good news for architects but I am certain that it is not good news for architecture or for the future happiness of the residents of New York.

At the Museum of Modern Art, in the heart of mid-town Manhattan, there is a double manifestation of this fever. The Museum itself sold its air rights for \$17m and has its own Museum Tower of apartments currently on the market at high prices to fund the future of the museum. In what passes for the museum at the moment—a few galleries surrounded by building site—the current architectural show only lasts until the end of the month but any visitor to New York this year would be well advised to buy the catalogue by Arthur Drexler, the director of the Museum's Department of Architecture and Design.

The show at the Museum concentrates on the technology and art of high buildings. It singles out three recent manifestations of the genre, the new headquarters of the Hong Kong Shanghai Banking Corporation now under construction in Hong Kong to the designs of Norman Foster; The National Commercial Bank in Jeddah completed this year to the design of Gordon Bunshaft of the American firm of Skidmore Owings and Merrill; and Philip Johnson's International Place in Boston.

Initially it is difficult to see the rationale behind this selection of recent designs, particularly as the show is exhibited cold—there is no historical framework. The answer lies in the catalogue. As Drexler says the skyscraper is a machine for making money—once this is allowed for what do they offer the architecturally interested public? These three examples demonstrate an interaction of certain factors that give them their own particular virtues. Structural innovation combined with internal space planning has the most immediate effect on the design and it is both Foster's building in Hong Kong and the bank in Jeddah that indicate two radical approaches. Urban scale and the imposition of large abstract objects on the townscape are the other factors questioned by this exhibit.

In Norman Foster's bank for Hong Kong every element of the structure is made visible inside and out, and the largest prefabricated elements ever made will come from Japan to make up this megalith of super technology. The Museum of Modern Art sees this tower as "having an ultimate purpose, to make the technologies of our era familiar, beautiful and exhilarating." Like all glorifications of technique over content the spectator is left marvelling at the audacity and skill but there is always that sneaking question—"to what end . . ?" The models of the Foster project have dazzled New York: they gleam in a Chinese red room with all the significance of polished icons.

Philip Johnson is still the architectural king maker in New York—his age and fame give him an influence akin to a Machiavelli. If he is to be credited with the commercial acceptance of a version of post-modernism he has a lot to answer for. The project of his firm Johnson/Burgee Architects in this exhibition will be completed in Boston in 1985. It is a group of what looks like six or seven buildings but is in fact only two large office blocks pretending to look something like a village cluster of tall and not so tall blocks.

Using the pickings of history Johnson has wallpapered parts of the project with Venetian windows, machicolated the tops of some of the towers, and cut through the forms of some of the towers to glaze the resulting slice marks with curtain walling. The use of classical elements with a mechanical regularity challenges all sorts of seemingly sacred concepts. Johnson's technique at this *moment is to violate as many* rules as possible and leave the results for posterity to judge.

The amazing nature of his fame at a late stage in his career, he is 76, means that there are an infinity of projects on his drawing boards. In the future I suspect that his fame will rest on a few of his early works and the great "Chippendale" building nearing completion for the American Telephone Company on Madison Avenue. There is no doubt that his great ground floor lobby will be one of the marvels of New York—but like so much of his work it could well be over gilded and vulgar. What the *Madison Avenue headquarters* does demonstrate is the glory of using real materials again—great lumps of hewn granite evoke a primal response that no amount of high technology can even attempt to imitate.

The choice of the Arabian Bank to show the value of the minimalist aesthetic has within the choice a certain enjoyable irony. S.O.M.'s triangular tower with blank walls pierced by rectangles of darkness undoubtedly has a modern monumentality—as well as being suited to the desert climate and intense light of its region. Inside the triangular form there are glass walls facing inwards to elegant atria. I thought that the attempt to explain the dark recesses in these Travertine clad facades as giant versions of the Moslem prayer niche somewhat stretching the iconographic interpretation. The blank walls do however show the virtue of the traditions of Arab architecture—the cubist notions of the thirties seem to have come to roost in the right climate. The *drawings of this simple* and pleasing design are hung in the museum like minimalist paintings and have a serene beauty.

The Museum of Modern Art has shown in this recent exhibition that the *attempt* is still going on in architecture to enrich modernism without recourse to historical styles. Others are following different paths and several of the newest ideas for architecture in America are attempting to bridge the gap between historical forms and movements like neo-classicism and the abstract language of modernism. It is in the studios of artists that many of the ideas for the future of architecture are to be found.

One artist who is also an architect, Ricardo Regazzoni, has a show in New York of his explorations of the form *of the column. Nine plywood* sculptures covered in gold leaf are solemnly lined up in the gallery of the Centre for Inter-American Relations at 680 Park Avenue until April 24. Each of these column sculptures explores the use of the golden section and the spiral as a source of organic growth. These are important works for architects because they are exploring the column as both a form and an element of decorative power. In feeling there is a massiveness about this work that is reminiscent of the Romanesque; at the same time there is a strong feeling of the thirties in the use of the continuous line as an element of decorative power. In further articles I hope to look at the work of artists like Ned Smyth and Donna Dennis who both have important messages for the future of the language of art and architecture. New York's thrust to the skies has little to do with the growth of architecture as an art—that is happening on the ground.

Saleroom/Antony Thorncroft

Continental ceramics did well at Christies yesterday with a Vincennes figure of a seated poodle, made around 1752 and perhaps a model of Madame de Pompadour's poodle, selling for £32,400 to the dealer R. and J. Jones. The large figure, 23.5 cm high, was almost certainly a "one off" made for the Court.

The same buyer acquired a Vincennes green ground basket, one of only two known, for £17,280. It was sold by Phoebe, Lady Hillingdon. Another leading dealer, Winifred Williams, paid £9,720 for a St Cloud figure of a reclining cat, made around 1745. The most interesting lot, a Florentine maiolica two-handed jar of of 1431 was bought in at £42,000.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

March 25–31

WEST GERMANY

Berlin Deutsche Oper: A new production of Die Lustigen Weiber von Windsor with Alfred Kuhn as Sir John Falstaff and Norma Sharp as Frau Fluth. Idomeneo, with a cast headed by Edda Moser, was revived triumphantly. La Boheme conducted by Gianfranco Masini, has Ilona Tokody and Barry McDaniel in the main parts (34381).

Hamburg Staatsoper: Acclaim for Don Carlos with star cast Nicola Martinucci in the title role. Jelena Obraszowa and Ruggero Raimondi as Philip the Second was unparalleled. Also, this week, Hoffmanns Erzählungen with Neil Schicoff in the title role as well as Ariadne auf Naxos with Marjana Lipovsek and Dieter Weller. Zemlinsky's Kreidekreis is produced by Herbert Wernike and has Beatrice Niehoff and Guillermo Sarabia in the main roles. Zar und Zimmermann completes the week (351 151).

Cologne Opera: Parsifal, produced by Jean Pierre Ponnelle, has Peter Lindroos in the title role and Waltraud Meier, famous for her rendition of this part in Bayreuth, as Kundry. Also Don Pasquale and Der Barbier von Sevilla (20761).

Frankfurt Opera: Madame Butterfly with Akiko Kuroda in the title role, has Seppro Ruohnen giving a fine delivery in the part of Pinkerton. Ariadne auf Naxos benefits from an *outstanding performance of Agnes* Baltsa. Also Cav and Pag and Gluck's Alkestis. (25621).

Stuttgart Württembergisches Staatstheater: Zar und Zimmermann featuring Maria Husmann and Arend Baumann (20321).

Munich Bayerische Staatsoper: Das Liebesverbot, a Jean-Pierre Ponnelle production; Parsifal with Peter Hofmann; Werner Egk's Peer Gynt, produced by Kurt Horres; La Boheme, sung in Italian; La Cenerentola with Francisco Araiza and Susan Daniel (21851).

LONDON

Royal Opera, Covent Garden: Don Carlos in the famous, now decaying 1958 Visconti production is given for the first time in the original French. The cast includes Peyo Garazzi and Thomas Allen and the conductor is Bernard Haitink. Die Zauberflöte, in August Everding's jokey staging, has a cast of leading Mozartians (Burrows, Popp, Prey) conducted by Colin Davis (240 1066).

English National Opera, Coliseum: Dvorak's Rusalka, not seen in London for many years, returns in a revival by the controversial ENO team of David Pountney (producer) and Mark Elder (conductor). Rossini's Cinderella, led by the scintillating Della Jones, completes its current run. Verdi's Force of Destiny, one of the company's most successful and thoughtful efforts, is led by the Leonora of the wonderful Josephine Barstow (836 3161).

VIENNA

Staatsoper (5324/2655): Die Entführung aus dem Serail, Salome, Rigoletto, Parsifal.

Volksoper (5324/2657): Der Graf von Luxemburg, Das Feuerwerk, Die Entführung aus dem Serail.

PARIS

Maurice Bejart and his XXth century ballet conducted by Sylvain Cambreling: Stravinsky's "L'histoire du Soldat" – TMP-Chatelet (261 1983).

NEW YORK

Metropolitan Opera: James Levine conducts the last seasonal performance of Don Carlo with Placido Domingo in a week that also includes performances of Fabrizio Melano's production of Madame Butterfly conducted by Eugene Kohn, with Il trovatore, Die Walküre and Il Barbiere di Siviglia. Opera House Lincoln Center (580 9830).

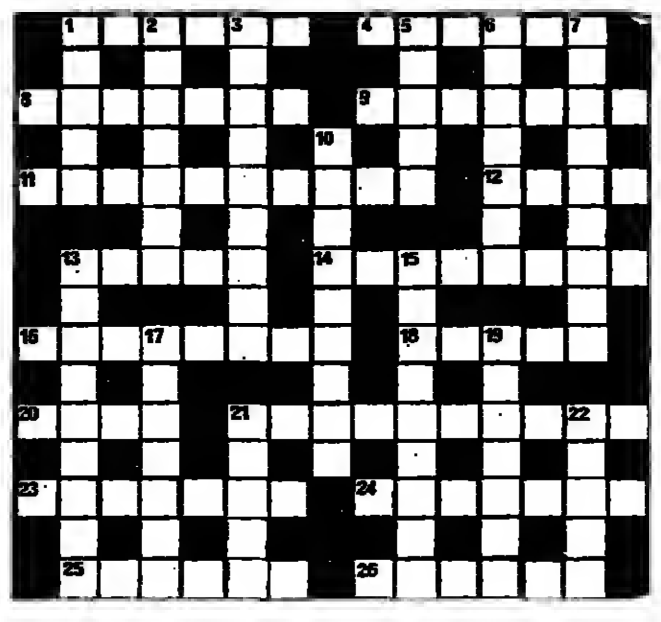
Hamburg Ballet: Company director John Neumeier completes the season with his choreography of Bach's Saint Matthew Passion. Brooklyn Academy of Music. 30 Lafayette Av (636 4100).

Pilar Rioja: Internationally known flamenco dancer performs to the music of Bach, Corelli, Albinoni, Bocherini and the poems of Garcia Lorca. Gramercy Arts, 138 E. 23rd (889 2850).

WASHINGTON

A Bride from Pluto: Gian Carlo Menotti's opera which premiered a year ago to celebrate the Kennedy Center's 10th anniversary, becomes this year's keystone of an "Imagination Celebration." The itinerant programme for children goes from here *to Tucson*, Milwaukee and Seattle with the Menotti opera a giant puppet version of Peter Rabbit and a play about boxer Joe Louis. Terrace, Kennedy Center (254 9895).

F.T. CROSSWORD PUZZLE No. 5,134



ACROSS

1 Obese French friend returns to meet Bluebird's wife (6)
4 He seldom talks of 26 (6)
8 Sharing out a gift of money (7)
9 Man gone wild such as "Africanus" (7)
11 Inappropriate for one King about to go to the East (10)
12 Book for performances (4)
13 Strip—it's hot in Chinese secret society (5)
14 See Descartes slip back for a beer (8)
16 Study one of twelve on stage perhaps (8)
18 Table arrangement causing complaint (5)
20 Steer drunkard round junction (4)
21 I enlist maybe after Greek character becomes bailiff (10)
23 Five dollars to join a party at last (7)
24 Syrian nomad held by hussar a century ago (7)
25 Descend steps to the warehouse? (6)
26 Rest for unmarried parents (6)

DOWN

1 Loud flashily dressed Aussie shows talent (5)
2 Dance round the Spanish fruit (7)
3 Secretary-bird for Hermes (9)
5 Soldier obtained a leg of mutton (5)
6 Seclude one so tardy (7)
7 Excursion intended so to speak as a cure (9)
10 Was girl up the night before Mayday? (9)
13 Two swimmers produce a little one (9)
15 Club ran it possibly to ease friction (9)
17 Battle that sticks out? (7)
19 Points to business platform (7)
21 Eastern dish is religious rule (5)
22 They must when the old Gentleman drives (5)

Solution to Puzzle No. 5,133

FINANCIAL TIMES

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Tuesday March 29 1983

New man for coal

CONTENTIOUS though it may be, the appointment of Mr Ian MacGregor to run Britain's National Coal Board is, on halance, the right one.

There are, admittedly, two conspicuous negetives in the equation. Mr MacGregor's services do not come cbeaply; and there is a grain of truth in the suggestion that for a man of three score years and 10 be nurtures ambitions that carry a bint of actuarial hubris. Yet there *was scarcely a surfeit* of candidates willing and able to do the job. The Government would, moveover, have conveyed an inappropriate impression to the miners if it were seen to back away from an appointment that Mr Arthur Scargill had chosen to attack.

As it happens Mr MacGregor's reputation as the hatchet man of the ateel industry is largely misplaced. Mucb of the betchet work had already been put in train before his arrival. It bad been the subject of a prolonged strike whose settlement paved the way for subsequent rationalisation. No one who presides over the contraction of a major industry can expect to win the undiluted affection of the workforce. But there is little evidence that Mr MacGregor showed more insensitivity to the employees than was inevitable in the circumstances of the steel industry.

A resemblance

Mr MacGregor's inheritance at the National Coal Board bears a superficial resemblance to the one be confronted on arrival at Britisb Steel. The miners' vote against strike ection earlier this month has, at least temporarily, hlunted Mr Scargill's combative edge. It also vindicated to a large extent the approacb of the NCB management towards the crucial issue of labour relations.

By partly decentralising the pay system through an area bonus scbeme, the board has eroded solidarity in the coal fields. The miners are by now well paid and well encumbered with mortgages; their appetite for strike action has thereby been curbed. Closures have been humanely handled with generous redundancy payments and alternative job options.

That said, a difficult job remains to be done. Tha long tail of uneconomic pits has to be faced. The NCB is already committed to speeding up the rate of pit closures from 1m tonnes of capacity a year to something between 2m-3m tonnes. Attention will need to focus more directly on the richer seams of Yorkshire, Nottinghamshire and Leicestershire, where the way is now open for the development of the Vale of Belvoir.

Disciplines

With e background in the U.S. mining industry, the new chairman will bring an understanding of the disciplines of the world market to the over-protected British coal industry. Unlike many nationalised industry chairmen, he takes the cut and thrust of ministerial intervention in his stride and commands respect in Whitehall. The key question, however, continued to be the handling of lebour relations.

It would not be surprising if the Government were anxious to see the NCB further accelerate its programme of pit closures. Yet this cannot be done without running risks with the miners. The vote against strike action, in the wake of the decision to close the Tymawr-Lewis Merthyr colliery, partly reflected e recognition that there was little point taking to the barricades over e pit wbose lack of viability was beyond debete. An acceleration in the programme will inevitably mean that less cleer-cut cases will find their way onto the agenda. At some stage the NUM may find a receptive audience for a call to stand and fight.

For any manager this would represent a considerable challenge. It is also ona for which a manager should be well rewarded. However, it is regrettable that the Government has felt obliged once again to negotiate an expensive "transfer fee" with Lazard Freres of New York for the good offices of a man beyond retirement age who wished to make his contribution to public service in the country of his birth. The deal sbould certainly not be allowed to become a precedent in future appointments in the nationalised industries.

Germany needs a lively bourse

IN THE build-up and aftermath to the conservative victory in the West German election, investors in West German sheres heve been enjoying a rare boom in the value of their boldings. The Commerzbank index is now 40 per cent up on its low point late last summer. Yet this eupborie on the German bourses is a reminder of the threat to the long-term health of the West German economy posed by the underdevelopment of the stock market as a source of capital for German industry.

Traditionally highly geared, German companies have suffered a marked deterioration in their debt to equity ratios during the past decade of slower growth and intense interoetional competition. Yet even on the most optimistic assumption there are only e few bundred companies which could turn the stock market's strength to their advantage by raising new equity capital.

The total number of shares quoted on the West German bourses is around 400. In the UK, a country with only 60 per cent of the GDP of West Germany, 2,280 companies are quoted on the Stock Exebange with another 140 younger companies traded on the Unlisted Securities Market.

Lip service

West German bankers and companies have long paid lip service to the need to solve the problem which this underdeveloped stock market poses for the corporate sector and for the economy. In the past they did not need to take the question seriously. In the vigorous 1950s and 1960s the rate of economic growth enabled companies to boost their equity base from a steady and secure flow of retained profits.

Bankers were content to advance long lines of credit to companies elready beevily dependent upon bank finance. The risks were felt to be low, given the outlook for growth. As shareholders in many of the companies they were lending to, the benkers could themselves benefit from the high gearing on the equity base of their customers.

Those days are now over. In its latest monthly report, the Bundesbank notes that the protracted weakness in corporate earnings is damaging the overall economic condition of tbe country by preventing companies building up their own funds. Companies are faced with the need to restructure their operations, in many cases, to meet the emerging international competition. But bank are now nervous ebout their risk exposure and they are unwilling to supply equity capital except in real emergencies—such as the recent rescue of the shipping company Hepag Lloyd.

Moreover, the former advantages of the German system of corporate finance are probably drawbacks today. It used to be said that West German companies had en advantage over their British counterparts in not being dependent upon the fickle whims and short-sightedness of the stock market. They could count on bank finance and follow long-term investment strategies.

A challenge

The differing records of the two economies made this e hard argument to refute. Yet it is arguable today, that now that the post-war phase of German industrial growth is over, and now that German industry must adapt to new technologies and to new industrial competitors, the uncomforteble selectivity of the stock market becomes more of a necessity.

The creation of a deeper and more vigorous stock market presents e formidable challenge in a country where savers, scared by earlier crashes and by memories of hyper-inflation, habitually demand low risk and a steady rate of return rather than a blend of risk and profit. Wealthy Germans wbo have reacquired the speculative urge tend to turn to overseas markets —to oil drilling ventures in the U.S. for example. Yet these are babits whicb need to be tackled under the new conservative Government, even if the changes will require years to take hold.

Some leading German bankers —sucb as Dr Wilhelm Christians of Deutsche Bank—have called for new steps to benefit owners of equities. Such pleas seem still to be aimed at squeezing tax concessions for the equity markets out of the new Government. Fiscal measures can certainly help. But initiatives must come from the private sector too. What is needed is thorough reform of West German stock market practices, listing requirements, and attitudes to corporate reporting which, while they may disturb deeply entrenched vested interests, are the only besis on which e lively stock market can be created.

MACGREGOR GOES TO COAL

The mixed legacy of a septuagenarian enigma

By Ian Rodger

Mr Ian MacGregor leaves the British Steel Corporation in the same way be arrived nearly three years ego—an enigmatic figure in an unseemly swirl of controversy over his remuneration.

It is difficult to understand why e man of considerable wealth and who—it is said—is not much concerned about money any more would allow this to beppen. But there are many thinga about Mr MacGregor that leave observers perplexed.

He rarely bolds e press conference and is almost completely inaccessible to the media, and yet he is always in the news and gets very sympathetic treatment from journalists.

He preaches the gospel of decentralised management and sings the praises of his menegement team, but anyone who has dealt with BSC in the past three years will tell you that be alone makes most of the decisions—especially on marketing and related commercial issues.

A highly reputed industrial strategist, his survival strategy for BSC has so far failed to deliver wbat it promised. A firm believer in free enterprise, he bas dragged his feet on privatising parts of BSC.

Other nationalised industry chairmen with records as good as or better than Mr MacGregor's bave been vilified by this Government, bnt be remains the apple of the Prima Minister'a eye.

"He bas done a superlative job," Mrs Thatcber said in the Commons recently.

Mr MacGregor seems to egree.

"I would say thet all I have saved you so far is about £1bn," he replied in his languorous way to e recent question on how much BSC losses had been reduced by measures taken since be had been chairman.

Bnt even that remark is puzzling. Mr MacGregor is frequently waggish in public, and his questioners, members of the Commons Committee on Trade and Industry, must have wondered whether he was making fun of them or of himself. Or was he cbeekily putting down a marker for the wise men who will have to decide eventually how mucb of a performance bonus should be paid to his employers, Lazard Freres of New York, in respect of his BSC record?

He was probably doing all three. When on duty—and that is most of the time—he is e man of few words, carefully chosen and quietly spoken. Even his frequent self denigrating jokes seem well polished, and hia air of detachment contrived to outflank opposition.

His record at BSC is, on halance, e good one, but he is not the miracle-worker that his spokesmen sometimes claim, nor has he been personally responsible for many of the corporation's successful policies, as he himself has gracefully acknowledged.

"We're making enormous progress in making BSC as efficient as any steel company in the world on the foundations laid by Monty (Sir Monty Finniston) and Charles (Sir Charles Villiers)" he said in a speech in December.

His major achievements are probably in two areas—rebuilding the morale of the corporation's staff and showing them the wey to sell steel in overseas markets.

When Mr MacGregor arrived et BSC, the corporation was reeling from a 13-week strike. A hostile Conservative Government was ready to make dramatic cutbacks and nrged the new chairman to throw out most of the top managers and pick bis own team.

After assessing the situation, Mr MacGregor decided to keep the existing management team (would anyone have taken their jobs?) and to leunch a major campaign to win hack markets so that as many jobs and plants as possible could be preserved.

As a strategy for attracting *loyalty*, it was hard to beat. But Mr MacGregor went further. He led the sales campaign from the front. For the first time in years, a BSC chairman was to be seen knocking on major customers' doors and jetting around the world in search of orders.

"We were astonished," one large steel buyer says. "We had never seen a BSC chairman bere before."

He dug out big export orders in Hong Kong, South Korea and the U.S. He proposed buying an equity stake in Kaiser Steel in California so that Kaiser would buy more British steel, although the Prime Minister turned that one down. He also championed a lavish scheme to build a channel tunnel, knowing that it would consume a lot of steel.

Mr MacGregor has been given much of the credit for reducing the overmanning at BSC in recent years. Yet the policy was well underway before he arrived. The corporation's payroll fell from 210,000 in 1976 to 166,000 in mid-1980 when Mr MacGregor took over and has since tumbled to about 85,000.

Mr MacGregor's main policy decision at BSC, and the one which hes gone wrong, was to maintain manned steelmaking capacity at close to 15m tonnes.

Last year, with world steel markets still in deep recession and the vital U.S. market almost cut off by protectionist measures, he hed to admit he had made e mistake. BSC was losing nearly as much money by the end of last year as it was when he became chairman.

It is true that very few people foresaw the length and depth of the recession or the strength of the protectionist forces in the U.S., but it can be argued that Mr MacGregor, with his vast experience and international network of contacts, should have been one of the first to eee trouble coming and should have acted quickly.

Instead, having recognised in the spring of 1982 that things were going badly wrong, BSC *did not begin to take action to* slash its costs until lete summer, and the bulk of the manpower cuts did not bappen until lote November.

By then it had become politically impossible to make a major capacity cut, and the Government vetoed Mr MacGregor's plan to close the Ravenscraig works in Scotland. He responded by saying the cost of keeping Ravenscraig open would be £100m per yeer and proposing instead that the corporation invest roughly $100m in a U.S. mill that would provide an essured market for Ravenscreig slabs.

At a cost of over £30,000 per job saved, this plan looks extremely expensive. Indeed, the corporation end the Government would be a lot better off if Ravenscraig had been closed three years ago. How much of the costs of having kept it going should be set off against the £1bn Mr MacGregor claims to have saved?

Observers ere also puzzled by BSC's stubborn refusal to cut prices last autumn in line with other suppliers. The result was that BSC's bome market share fell to 43 per cent, lower even than immediately following the 1980 strike.

As a voluma producer with high fixed costs, BSC is always loatha to cut prices. It also does not want to be seen undermining the European Commission's price stabilisation efforts, but neither can it afford to lose its customer base.

Perhaps the greatest surprise of the MacGregor period has been tha lack of progress towards privatisation. Only a few peripberal assets — part of the chemicals business, Redpath, Dorman Long, tha engineering group, end the Victaulic pipe-fitting company, have been sold so far.

Three other relatively small steel businesses — wire rod, large forging and cesting and hright bar — have been put into joint ventures with private sector companies, but some complain that this has extended BSC's reach *rather* than reduced it.

Certainly, the climate for


Springs

sales of steel businesses has not been *propitious*. In the wire rod and forgings cases, BSC has had to sweeten the *deals by providing* massive amounts of working capital to attract the privete sector partners, GKN and Johnson & Firth Brown (JFB) respectively.

But there are a number of BSC businesses that should be saleable on normel terms, such as the large, profitable stockbolding business, the Stanton end Staveley iron and concrete pipe business and a few others.

Private sector executives who have bad to negotiate with Mr MacGregor on deals feel that he has taken unfair advantage of the state's financial backing.

In the case of Sheffield Forgemasters, for example, both JFB and BSC were in desperate shepe, but JFB had to worry about investor confidence.

"MacGregor knew that once the deal was announced, we were committed." Mr George Hardie, JFB finance director, says. "But he could always walk away. *He was very subtle. He* knew exactly how hard to push."

The surprising thing is that Mr. MacGregor remains eager, at 70, for new challenges. He undoubtedly enjoys power and consorting with other powerful people. Despite having spent most of his career in the U.S., he *also has strong feelings* for his native country. He believes the current Government is making a courageous attempt to relaunch Britain's industrial base and he wants to be an important part of that effort.

Whatever his achievements, business colleagues perhaps admire this amazing old man most for his total conquest of that bane of the modern executive's life, jet lag. BSC directors were dazzled when he would fly over from New York for a board meeting and then fly back immediately, remaining alert and fit at both ends.

He claims the trick is not to eet or drink and just let the metabolism slow down into e cometose state. If he could package and sell the technique in detail, he could make a lot more than £1.5m for Lazard Freres.

Amax: the company which he left behind in 1977

AMAX, the giant U.S. natural resources group, was in large measure shaped by Ian MacGregor during an eight-year spell *as chairman* which ended in 1977. But his achievements at the company look much less lustrous today than they did six years ago.

After years of hectic expansion, Amax is now in full scale retreat. The company reported a net loss of $390m for 1982, and has slashed its dividend. Its balance sheet is stretched, there has been open unrest amang its shareholders, and corporate morala has been battered by a series of swingeing austerity measures.

Inevitably this reflects on MacGregor's stewardship. Analysts wha treated bim with adulatory respect during the good years now grumble that he expanded too fast and *diversified too far. He is also* criticised for the shortcomings of his successors, who for the most part were put in place hy his regime.

The fact is that the company built by MacGregor was designed ta succeed in an economic environment which was altogether different from that of the past few years. Raw materials were in short supply during the MacGregor era. Rapid inflation meant that real assets were extremely attractive investments—and also that the loans which were raised to buy them were very cheap to repay. An acquisition which might look expensive in year one could look like a stroke of genius by year five.

When be first took control of the board—*and there was* never any doubt about who was in charge—Amax was heavily concentrated in molybdenum, a metal used mainly to toughen up steel, and copper. In the following years, it pushed aggressively into coal, where it has become one of the largest U.S. producers, oil, aluminium, nickel and a host of other natural resources.

"He had a 'hands-on' etyle of management and kept close control over everything which the company did," recalls a former colleague. "He had a low tolerance for incompetence, bnt provided you knew what you were talking about, you had no problems."

Capital spending and investments in the six years to 1977 amounted to $2.3bn, which represented an enormous rate of expansion considering that depreciation and depletion provisions over that period totalled less than $400m.

Amax finished this growth by means of rapidly rising profits — operating income before tax jumped from $68m in 1969 to a peak of $739m in 1980—and through a series of dextrous financial deals. These were largely orchestrated by MacGregor, who becama known as a tireless traveller and contacts man. The push into aluminium was arranged on a joint venture hasis with Mitsui of Japan. And in 1975, Standard Oil of California injected over $300m of new capital in return for a 20 per cent share of the equity.

No one knows how quickly MacGregor would have been capable of adapting to a period of falling raw materials prices and very high interest rates. His successor, Mr Pierre Gousseland, certainly seems to have been slow off the mark. Amax continued to expand rapidly after MacGregor left the chair, and its capital spending in 1980 more than doubled to $1.3bn.

Tha biggest unknown is whether Amax would exist at all as an independent company if MacGregor had stayed in the chair. Just two years ago, Standard Oil of California offered $78.50 a share, or roughly $4bn, to buy tha outstanding 80 per cent of the company. MacGregor was widely believed to bave been in favour af the offer, but Gousseland flatly rejected the terms. Today, Amax's share price languishes at a little over $20.

After some large write-offs in 1982, Amax could now be getting over the worst of its troubles. But the austerity measures which MacGregor is dishing out to Britain's nationalised industries are by no means unfamliar nowadays at his old company.

By Richard Lambert in New York

Men & Matters

Laker lesson

Among the reams of evidence in the current High Court clash over the collapse of Sir Freddie Laker's airline is a document thet must surely be uniqua in legal history.

Headed "Outline prepared for daughter," it was written by J. T. McMillan, president of McDonnell Douglas Finance Corporation—one of the clutch of U.S. and European companies alleged to have conspired to bring about Laker's downfall.

The eight-page document, which details Laker's ups and downs, was written by McMillan for his daughter, Mary, to use in a school project. It has been put before the court by the Laker liquidator, Christopher Morris of Touche Ross.

Mary was informed by her father (surely a paragon among concernd parents) that Laker's "fight with tha British Government end the airline establishment to launch Skytrain was bitter and bloody . . .

"He eventually mede peace with the British Government when they honoured him with e knighthood. However, tha wounds that were inflicted against the airline establishment did not heal and sowed the seeds of his final downfall."

The court was impressed with McMillan's efforts on behalf of his daughter—regretting only that there was no evidence of bow Mary fared with ber project.

Set up

Youngsters seeking rapid fame and fortune used to form pop groups—now some of them, et least, are turning to computers.

Eugene Evans, for example. Last summer, this 16-year-old left Cantril Comprehensive School on Merseyside having failed three of his O levels. Today he is the software manager of a computer compeny which expects him to earn £35,000 this year.

"Actually that is being pessimistic," says Evans. "I hope it will come to more than that."

But Evans is still trying to cope with the sudden change. He lives with his mum and busdriver dad in a council bouse. He has bought a hi-fi and some new clothes but the rest bas gone into savings. Ha is too young to get a credit card let alone e mortgage or drive a car.

Evans's ebility lies in designing computer game programmes for Imagine Software, a Liverpool company. Wacky Waiters and Catcha Snatcha are two of his successes so far.

With two new games to produce each month, he says: "I have not really counted up the number of bours e week I work, but it amounts to quite a lot."

He did not benefit from a lot of "bands on" experience at school, but he has been studying books and megazines on the subject for four years and earned £8 a week pocket-money from software retailing before he joined Imagine in November.

Needless to say, Evans intends to stay in the business of electronic bleeps. "There is no other in which I can practise my boby and earn what I am earning," be says.

"There goes Foot, laying another false trail"

Typesetting

Dreaming spires, lush green countryside, promises of uplifting doses of sports and culture —the glossy brochure has them all.

But this is not another enticing invitation to a get-away-from-it-all holiday. Inbucon, the management consultancy which produced the brochure, is marketing 500 jobs in two printing machinery plants at Cheltenham. Unless it is successful, the Linotype-Paul employees will soon be out of work.

Three years ago, Linotype-Paul won two Queen's Awards for export and technology. Recently, however, the workforce was told by U.S. parent Allied Corporation that production was being shifted to Frankfurt.

"The workforce was pretty sick," says Innis Macbeath of London-based Inbucon, whicb has been retained by Allied. "It's very mystifying when they've won all these awards and evrything is bunky-dory, to be told that they're not profitable enough."

Inbucon has helped save jobs before, notably after closures in Scotland by Massey Ferguson and Pilkington in recent years.

As well as the workforce's skill in making sophisticated equipment, Inbucon is promoting the merits of Gloucestershire itself. The high number of private schools and proximity to universities like Oxford and Bristol are held np to likely buyers as a sweetener.

Inbucon calls the threatened 500 Linotype-Paul employees "a community in search of work." Says Macbeath: "Chopping up e workforce into 500 individuals is like telling someone to jump out of the window, reassemble himself and walk on stage."

New issue

City issuing house M. J. H. Nightingale, best known for its Over-The-Counter market in the UK, is changing its name to Granville and Company.

Nothing to do, I hasten to add, with the mercurial American tipster Joe Granville. The new title comes from the middle name of *managing director* Robin Hodgson and follows the departure of the company's founder Michael Nightingale.

Company executives bought most of bis 44 per cent holding and now own 56 per cent with the rest in the hands of five leading institutions.

The activities of Nightingale —or Granville, as it must now be known — have been overshadowed recently by excitements on the Unlisted Securities Market.

Hodgson atressed yesterday that the OTC market now accounts for less than a fifth of turnover, and other interests—corporate finance, buy-outs, developmant capital and private hospital financing — are expanding fast. A £10m venture capital fund is expected to be launched soon.

Former senior partner of City solicitors Freshfields, David Stebbings, will take over as chairman tater this year. Admitting that he was still at the "apprenticeship" stage, Stebbinga showed yesterday, bowever, that be had a ready grasp of effairs.

"Given that the USM is established, I think the Stock Exchenge should start to eccept our OTC ae an ally, not e competitor," he rapped.

Extension ladder

Heerd in Brixton market: "Those tights are seconds, love. But you'll get e good run for your money."

Observer

Letters to the Editor

Spectre of gold haunts exchanges

From Mr K. T. H. Graves

Sir,—We have just witnessed the unedifying spectacle of a dispute between France and Germany concerning the realignment of their currencies in the European Monetary System. We know of course that, as with so many matters in life, it is a question of politics—and, in the end, this dispute was settled politically. Indeed the whole concept of the so-called "Common Market" was born of a determination to see that Germany did not yet again achieve hegemony in Europe.

But, to the extent that economic factors do count, one is bound to ask what exactly the members of the EMS (and the leaders in particular) are driving at, and what non-members like ourselves have in mind. The gold bullion standard collapsed in the 1930s. There followed the setting up of the Exchange Equalisation Account in 1932 to "iron out undue fluctuations in the sterling rate of exchange"; and in 1936 we had the ill-fated Tripartite Agreement — ill-fated because it was ruined by the outbreak of the second world war. After the war we had the Bretton Woods system which was to have given us the benefits of a world monetary system free from the rigidities of the gold standard. In the early 70s this gave way to floating rates (or dirty floating) and now, after ten years, the trend is to try to find ways in which exchange rate volatility can be reduced.

It was no doubt all right for Keynes to declare that the external value of a national currency should be altered if necessary so as to conform to whatever *de facto* internal value results from domestic policies rather than conform to a prescribed *de jure* external value. It was all right for him (at that time) to declare that the IMF system would be "the exact opposite of the gold standard." The gold standard may be dead, but it rules us from its grave. "Barbarous relic" it might be — but reports of its death may in fact be grossly exaggerated. Keynes himself admitted that less painful expedients would work better and be needed less "if the classical medicine is also at work."

It is not, to my mind, a question of fixed versus floating rates of exchange *per se*. Floating rates have not given countries the degree of autonomy claimed for them in theory. I agree that the burden of adjustment ought not always to be placed upon debtor countries; but I fail to see that, when Germany has an inflation rate only one third of that of France, the latter country should scream for German up-valuation and reproach Germany for her "aloofness." It is not always "wicked speculators." Exchange rate movements are not always "irrational." They may be signals to us to put our houses in order; but we have got to the point where exchange rate changes must be of a size and timing determined by governments rather than by the market.

K. T. H. Graves.
187, Pensby Road,
Heswall, Wirral, Cheshire.

The banks, profits and taxes

From Mr P. Tillett

Sir,—At the heart of John Plender's attack on the banks ("All quiet in the City club," March 24) is the illogical suggestion that because the banks have increased their dividends the Chancellor would have been justified in imposing additional tax on them.

The banks' case against additional tax has always been that their real profitability is not excessive and their tax burden is a fair one. Mr Plender offers no counter-evidence on either point.

As for dividends, it is irresponsible of Mr Plender to talk of the banks' "provocative decision" to ignore the Bank of England. The actual words used last year by Peter Cooke, the Bank's head of banking supervision, were that the banks "will also need to consider the appropriateness of the maximum possible retention of profit to reinforce the capital resources of the bank, if necessary at the expense of excessively liberal distribution policies."

By no standards are the clearing banks' distribution policies "excessively liberal." Despite the reduction in profits in 1982, dividends were covered three times by current cost profits and nearly five times by historical cost profits.

In any case, as the authorities are well aware, a stingy distribution policy is not necessarily the best way to secure the capital base. Investors expect a steadily rising stream of dividend income, and it is essential for any company to be responsive to their needs if fresh capital is to be obtained on acceptable terms when it is required.

Of the other criticism that Mr Plender makes in his article, may I pick up just one: the charge that the banks expanded their international lending "without taking the seemingly elementary precaution of ensuring that their clients used the cash with a modicum of prudence."

If Mr Plender really thinks that the control of lending exposure is an elementary matter, he is living in a different world from that inhabited by bankers and borrowers. He also seems unaware that most of the banks' so-called sovereign debt comprises loans in direct support of international trade and specific investment projects, rather than indiscriminate deficit financing.

No doubt, some will share Mr Plender's atavistic desire to see a few bankers' heads roll, *pour encourager les autres*. But one would expect rather more constructive policy prescriptions from a journalist of his experience.

Paul Tillett.
Public Affairs Unit,
Committee of London Clearing Bankers,
10, Lombard Street, EC3

The inquiry on Sizewell B

From the Co-ordinator, Proliferation Working Group, Scientists Against Nuclear Arms.

Sir,—Although David Fishlock's impressionistic picture (March 23) of "A day in the life of the long running Sizewell B show" is to be welcomed for pointing out some of the major deleterious effects of the decisions by Nigel Lawson, Energy Secretary, not to fund objectors, it seriously distorts the proceedings in a number of ways.

The report confuses issues by implying all the events mentioned happened on the same Day 42 Mr Fishlock reported. They did not.

The statement that objectors David Ross and Colin Sweet "occupied a day between them" may be in line with Mr Fishlock's argument that ill formed and long winded questions took up (unnecessarily) a whole day; but it is not true. That Mr Fishlock should say this is especially astonishing as on the same day Ross and Sweet cross-examined, Campaign for Nuclear Disarmament spent 1½ hours cross examining the Department of Energy on a wide variety of issues concerning the management of plutonium; and its possible transfer to the U.S. to aid military programmes. As Mr Fishlock has written extensively on this subject in your newspaper for a decade or more, one wonders why he overlooked the implications, especially as he sat through the CND cross-examination.

I should also like to point out that your report of March 18 did not highlight one of the most serious statements made by the Department of Energy witness on the matter, ie, the 1978 tripartite agreement between UK-Euratom-IAEA on safeguards "in contrast to those entered into by non-nuclear weapons states, was not intended to provide an assurance to other Governments that material from the civil nuclear programme would not be used for defence purposes." The agreement specifically provides under clause 14 for the withdrawal of nuclear material from the scope of the agreement for national security reasons. Presumably "national security reasons" means nuclear weapons. In light of this, when government ministers give assurances—as did the Department of Energy witness—that the government has no intention to use civil plutonium for weapons, one can only wonder why clause 14 was ever written into the tripartite treaty.

The assurances would be a lot more re-assuring if clause 14 were to be deleted at once.

David Lowry.
14 Lissel Road,
Simpson, Milton Keynes.

True extent of Guyana's debt

From the High Commissioner for Guyana

Sir,—Your correspondent's estimates of Guyana's debts to bilateral and multilateral agencies and the gross external debt are quite exaggerated (March 23).

The amount of medium and long-term debt owed to bilateral agencies is U.S.$280m and to multilateral agencies U.S.$187.6m. This gives a total of $467.6m which is less than half of the estimated $1.1bn.

Again, the amount of external debt, as at December 1982, stands at around $890m and not $1.35bn. These figures are easily verifiable.

You should also know that multilateral lending agencies do not normally reschedule debts and it is not the intention of Guyana to seek such rescheduling.

Impending negotiations with the IMF always trigger off much speculation and over-estimates and can weaken the country's already difficult case. The question of devaluation stands out in this play with figures as is demonstrated in the report, including attributions to "senior Guyanese Ministers."

C. L. Joseph,
3 Palace Court,
Bayswater Road, W2.

Lead-free benefits to engines

From Mr Des Wilson

Sir,—J. Richman, who perhaps not coincidentally writes to you from Cheshire, home of Associated Octel, the company that manufactures lead additives for petrol, writes to you to welcome an overseas suggestion that the use of lead-free petrol leads to greater engine wear. "No quantifiable benefits will be achieved from banning lead in petrol," he says.

The health benefits of a ban on lead in petrol have been well rehearsed in your newspaper so I will content myself with dealing with his first point. The fact is that leaded petrol damages cars and the elimination of lead would reduce maintenance costs. This is one of the advantages of lead-free petrol.

A report by the Californian State, Air Resources Board in 1970 stated that "*An examination of the engines involved in Ford's 1967-68 test indicates less piston ring weight loss, less blow-by, less degradation of engine lubricant, and less deposits on spark plugs with operation on low-leaded compared with leaded fuel.*"

An official of the Standard Oil Company of Indiana before the House Sub-committee on Public Health and Welfare in 1970 stated that lead-free petrol would lead to increased mileage and "a significant saving in automobile maintenance — less corrosion of the exhaust system, freedom from combustion chamber deposits, longer-lived spark plugs and the like."

The New South Wales State Pollution Control Commission in 1980 stated: "Lead-free petrol will reduce the cost of motoring in two ways: it will cut vehicle maintenance costs, and, by enabling the use of catalytic converters, it will lead to reduced fuel consumption. The removal of lead and lead scavengers from petrol will result in a longer life for engine and exhaust components and lubricating oil."

I could continue but I think the point is made.

Is there no length that the defenders of leaded petrol will not go to to mislead the public on this issue?

Des Wilson, Chairman, CLEAR,
The Campaign for Lead-free Air,
2 Northdown Street, N1.

Daylight saving times

From Mr M. Fielding

Sir,—Is it not about time that those countries which adopt daylight saving measures harmonised their operative dates?

Last year, I believe, European countries adopted, for the most part, the same day in the spring but different ones in the autumn. Malta changed on a Wednesday in the autumn and the USSR on a Friday.

The U.S. changes four/five weeks later than us in the spring and usually one week later than us in the autumn.

All this causes great problems for airlines, ferry services and all those institutions and businesses whose activities span two time zones (and yes, I do have a vested interest!).

Would it not make sense for us to standardise by always using the last weekend in March and the last one in September, or, if you prefer, the first in April and the first in November?

Michael Fielding.
14 Cheriton Road,
Winchester, Hampshire.

Drive for language skills

From the General Secretary, Institute of Linguists

Sir,—Michael Dixon's article "Drive for language skills," March 19 once again brings out the crucial point that the motivation has to come from industry itself. Language departments in institutions of further and higher education have shown their ability and willingness to respond to demand for business-based, practical language courses. Educationalists have to market their product, too, in this hard world.

The schools are reacting more slowly, as the pressure is attenuated in contact with broader educational demands. But there is no doubt that modern language teaching everywhere is geared to functional ends in a way, and to a degree, that it certainly was not 30 or even 10 years ago.

A major study will be starting soon to determine the practical needs for language learning in secondary and higher education; this is likely to have a profound effect on the educational side of the supply-demand tension. On the other side, the business world is showing more awareness of its language needs. There are many instances of good, positive policy in language training and exploitation, and some interesting solutions are being devised. Nothing is static: business and education must co-operate to build rapidly on good practice.

We see the signs that Michael Dixon alludes to, in our examination entries as well as in the range of inquiries that we receive. The time is ripe to make a really good push at this problem. There are enough managers and enough teachers with common aims, and there can be no doubt whatsoever of the benefits to British business, which needs to understand and talk to Europe and the rest of the world.

A. Bell.
Mangold House,
24a Highbury Grove, N5

Local authority autonomy

From Mr P. Clark

Sir,—The article concerning the local government election campaign (March 23) shows an appalling cynicism towards local government from the Environment Secretary. If Tom King can describe elections for district councils on May 5 as "the world's biggest opinion poll" perhaps the responsibility for local government should be transferred to another Minister. In my short span of 13 years in local government, parish and district council, I have seen a continuous erosion of independence of our councils by successive governments. The inability of these governments to run their own affairs with any degree of efficiency makes their increasing domination of local government a farce.

Local government elections should be about the performance of each individual council. The unwanted intervention of national politics attempts to reduce the importance of local council elections to a barometer to show Cecil Parkinson when he should advise the Prime Minister to call a General Election.

P. C. Clark,
193, Silver Street,
Stansted, Essex

Child benefit payments

From Mr S. Perry

Sir, — Malcolm Rutherford finds it hard to see why child benefits are preferable to the old tax benefit (Politics Today, March 18). He seems to have overlooked several points:

Tax benefits or allowances are not available to those who *do not pay tax*. There is a greater likelihood that a child benefit will find its way into the hands of the mother and be used to feed and clothe children.

The child benefit is a right for every UK family. A hand-out *is only for the poor* and can be felt by some to be demeaning.

There are many people other than the Child Poverty Action Group who favour the child benefit.

Some, like myself, see it as a small but essential step towards a major benefit and tax reform — the tax credit system.

Stephen Perry,
Prins Frederiklaan 18a,
2243 HW Wassenaar,
Netherlands

Protect the home market

From Mr R. Gerrard

Sir,—How Robert Edmiston can complain (March 24, S. Korean car imports) about Britain's so called "immoral" behaviour is a wonder to me. It is axiomatic that to continue to support a domestic motor industry, this country should put an end to all imports that have a trade advantage over home produced vehicles in this way, regardless of the status of another country.

Recently we have seen Spain coming some way towards reciprocity in these affairs; even this is not enough and is probably a "softener" with prospective EEC membership in mind. To suggest that we are in debt to S. Korea for purchasing British equipment in the past is, to say the least, in bad taste. Any capital purchasing of this nature should presumably have been evaluated for worth/competitiveness in the first instance. Furthermore there was certainly no British guarantee of a market place for Korean cars given to my knowledge.

R. A. Gerrard.
158, Speakman Road,
St Helens,
Merseyside

Opposition in Suffolk

From Mrs J. Pickett

Sir,—I was interested to read David Fishlock's assertion (March 23) that there exists in the vicinity of Sizewell in Suffolk no substantial body of local opposition to nuclear power.

Readers might be interested to know that in the only local referendum on this question (held in the parish of Leiston-cum-Sizewell) votes cast in favour of the proposed Sizewell B nuclear power station totalled 229. Votes against were 877.

Janet Pickett (Mrs),
24 Urban Road,
Leiston,
Suffolk.

UK Economic Policy

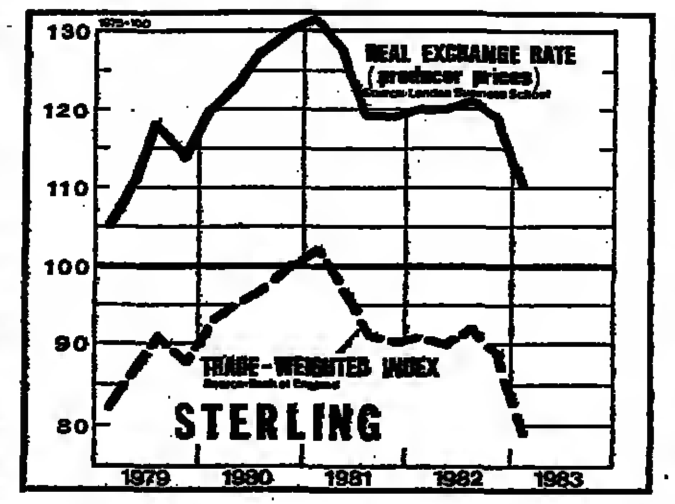
What to do about sterling

By Alan Budd

IN HIS Economic Viewpoint on March 17 Samuel Brittan criticised the absence of guidance on the Government's attitude to exchange rate movements and described it as lacuna in the Medium Term Financial Strategy.

I think that his complaints are only partly fair; there is a problem about the exchange rate though I also think that the Government has been reasonably clear about its attitude to it.

The basis for the Medium Term Financial Strategy was a long-run relationship between the growth of the money supply and inflation. In its first presentation (in the 1980 Budget) there was no mention of the exchange rate. It could be deduced that the role of the exchange rate was to be purely passive; it would simply move to keep UK prices in line with our competitors.



Given the Government's desire to reduce inflation, it could alternatively have opted for an explicit target path for the exchange rate. There is a long debate in economics about whether price stability is best achieved by pursuing an exchange rate target or a money supply target. In the UK the question has been particularly discussed by Professor Artis and Currie.

The broad answer is that it all depends where the shocks which disturb the economy come from. If they come from the domestic economy it is better to have an exchange rate target; if they come from overseas it is better to have a money supply target. An example of a domestic shock is a change in the demand for money; an example of an overseas shock is a sudden change in world inflation or a change in the oil price.

Suppose, for example, that *there is a change in the demand* for money so that people want to hold larger money balances in relation to their expenditure. If the Government sticks to its money supply target under these conditions the rate of inflation will fall more rapidly than expected and the exchange rate will rise. In the short run the real exchange rate is also likely to rise and output will suffer. Problems arising from a change in the demand for money could be reduced or avoided completely if the Government was watching the exchange rate. It would notice upward pressure and would relax monetary policy accordingly. The rate of inflation would be unaffected.

If the shock comes from overseas, the position is quite different. Suppose that there is a sudden burst of inflation in the rest of the world. If the Government sticks to its exchange rate target, the UK will "catch" inflation from overseas. (The money supply will tend to rise automatically.) In such cases if the Government *followed a money supply target* the exchange rate would rise and world inflation would be kept out. (This is broadly what the Bundesbank has succeeded in doing for most of the past 10 years). It is worth noticing that in that case it is the nominal exchange rate which changes, not the real exchange rate.

The case of an oil price shock is yet more complicated. Quite apart from any effects it may have on world prices, a change in oil prices tends to change the real exchange rate of sterling. We are now seeing a fall in oil prices which is likely to be accompanied by a fall in the real exchange rate. If the Government persists with its money supply target, the nominal exchange rate will fall but, in the long run, our inflation rate will be unaffected. If it switched to an exchange rate target, it would have to tighten monetary policy and our inflation rate would have to fall relative to that in the rest of the world.

The principles may be fairly simple, but the practice is extremely difficult. Whatever one may know or believe about the medium-term consequences of policies, the short-term responses can be very different with considerable swings in real exchange rates even when the causes are nominal. (For example, the change in U.S. monetary policy in 1981 led to a considerable rise in the real exchange rate of the dollar.) On top of that, there is the near-impossibility of knowing why the exchange rate is changing at any time.

The events in the UK in 1980 provide a perfect example. In retrospect, one can say that there was a massive internal shock which led, *inter alia*, to a large shift in the demand for money (as measured by sterling M3). That suggests that the correct policy response would have been to stick to an exchange rate target. But at the same time the price of oil was in process of doubling, which was raising the real exchange rate.

That would suggest that the correct policy response would be to stick to a money supply target. With all the wisdom of hindsight, one can say that the Government should have recognised that the combination of a rapid growth of the money supply, together with a rising exchange rate and a rapid slowdown in the growth of nominal GDP, should have indicated that there had been a shift in the demand for money. The correct reaction would have been to respond to the signals from the exchange rate rather than from the money supply figures. In the event, the Government compromised and allowed the exchange rate to rise as well as considerable over-shooting of the money supply targets. Towards the end of 1980 it started taking deliberate steps to cut interest rates. It has subsequently recognised that movements in the exchange rate are one development to be considered in its conduct of monetary policy.

What does that suggest for the present and future conduct of policy? If the Government wants to opt for a simple life it can choose either an exchange rate target (on the assumption that future shocks will come from the domestic economy) or a money supply target (on the assumption that future shocks will come from overseas).

The Government's current position was stated in the debate on economic policy on January 19. The Chancellor said: "A fall in the exchange rate will have a lasting effect on inflation only *if* it results from unsound money." The implication is that, provided monetary policy is on course, the Government should not attempt to offset changes in the exchange rate due to oil price movements. I believe that is the correct attitude, even if falls in the exchange rate are bound to raise prices in the *short term*.

However the Government still maintains that exchange rate movements may be an indicator of monetary conditions and we are therefore left with the ambiguity to which Mr Brittan objects. It is an example of the familiar choice between rules which are simple but too inflexible and discretion which allows the Government too much freedom of action.

The more guidance the Government can provide in advance, the better. For the moment it seems clear enough both from *its statements* and its actions that the Government generally intends to follow monetary targets and will allow the exchange rate to fluctuate. That will sometimes lead it astray, as it did in 1980, but important lessons were learned then (including a broadening of the money supply targets to include other measures of the money supply and an actual relaxation of the targets themselves). There might be no harm in making that clearer but it seems harsh to describe its present attitude as either Delphic or silent.

Alan Budd is Professor of Economics at the London Business School.

FINANCIAL TIMES

Tuesday March 29 1983

LUCAS AND SMITHS TO POOL RESOURCES IN AUTOMOTIVE ELECTRONICS

Motor companies link in UK

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

LUCAS and Smiths Industries, the British motor components groups, are to pool some of their resources in a new company which they claim will start with annual sales of £160m ($233m) and have the broadest product range of any independent automotive electronics supplier in Europe.

The new concern, Lucas Electrical Electronics and Systems (LEES), plans capital expenditure of about £35m over the next five years to improve Britain's positinn in an automotive electronics market now worth $1.5bn per annum in Europe alone and growing at 30 per cent a year.

The UK Government, which encouraged the two companies to put their interests together, will contribute to the expenditure programme through various aid schemes.

The new company takes over Lucas Electrical's semiconductors ignition, engine management, vehicle condition monitoring and other vehicle electronics systems as well as Smiths' interests in electronic and mechanical instrument systems, solid state displays, transducers, accessories windscreen and headlamp washer systems for cars and commercial vehicles, industrial instruments and pressure gauges.

In the three main areas the new company will cover it meets a considerable array of competitors in Europe. In engine management control Robert Bosch of Germany, Fiat of Italy, Renix (the joint company based in France and owned by Renault and Rendix of the U.S.) General Motors of the U.S. and another American group, Mntorola, are involved.

Renix and GM also have transmission control interests, while in the field nf vehicle instrument display competition comes from Fiat, Jaeger of France, VDO in Germany, *GM, Ford and Nippon Denso of Japan*.

In France Ducellier has automotive electronics interests but it is already 50 per cent owned and managed by Lucas which might well attempt at some stage to take full control so as to link it with LEES. This would depend on the French Government's ettitude more than anything else and so far the Government has insisted that Ducellier remain French.

In Britain LEES will account for 70 to 80 per cent of sales of the products it will make initially. A quarter of its turnover will go to BL, the state nwned vehicle group. For Europe as a whnle, it has less than 20 per cent of the relevant market.

By arguing that automotive electronics is a European, not a purely British business, Lucas and Smiths hope to avoid a British Monopolies Commission inquiry. They also believe that their joint position in the EEC should nnt attract the attention of the European Commissino's competition department.

Lucas will inject assets with a book value of about £30m in exchange fnr 80.1 per cent nf the ordinary capital, while Smiths will put in assets worth around £13m for 19.9 per cent of the nrdinary shares.

Lower UK oil price could anger Nigeria

BY RICHARD JOHNS AND QUENTIN PEEL IN LONDON

THE British National Oil Corporation (BNOC) is believed to be under increasing political pressure to gain acceptance nf a North Sea oil price of not less than $29.75 per barrel. But a reductioo on this scale would almost certainly provoke Nigerian retaliation.

A rate of $29.75 is widely considered in industry circles and Whitehall to be compatible with the new price structure of Organisation of Petroleum Exporting Countries (Opec). It would compare with the rate of $30.50 recommended by BNOC for North Sea oil nearly six weeks ago.

This price has still to be accepted by British Petroleum, Shell and Gulf – meaning that any compromise must, inevitably, be at a lower level. BNOC hopes to achieve an adequate consensus over the Easter period on a rate which would also be valid for the beginning, at least, of the second quarter.

While BNOC has still to obtain agreement among customers – let alone the smaller suppliers which want the highest price possible – the critical question on the international front is whether Nigeria would be prepared to co-exist with any reduction below its price of $30.

The impression evidently brought back from Lagos 10 days ago by a senior official at the Department of Energy, Mr Sidney Freemantle, was that Nigeria and Opec as a whole might be able to live with $29.75.

Any assumption that $29.75 might be acceptable to Opec looks increasingly illusory. Nigerian officials in Lagos yesterday were insistent that any North Sea price cut below the Nigeria crude price would "certainly" be matched by Nigeria, although a reduction to the same level would not necessarily invite retaliation.

Nigeria's oil production remains depressed below the production quota level (1.3m barrels a day) fixed at Opec's London meeting. March average production is expected to be close to 950,000 b/d

Iran and Iraq agree to oil slick talks

BY OUR FOREIGN STAFF

THE IRANIANS and the Iraqis have agreed on a meeting to discuss the dispersal of the huge oil slick which is threatening the shores of the Gulf states.

The ministerial level meeting will take place next Saturday in Kuwait under the auspices of the Regional Organisation for the Protection of the Marine Environment, said Dr Abdul Rahman al Awadi, Kuwait's Health Minister and the organisation's executive director.

Mr Mirza Taheri, Iran's Deputy Premier and chief of the country's *Environmental Protection Agency* is thought likely to attend the meeting.

Reports that Iraq had agreed to suspend military operations in the vicinity of Iran's offshore Nowruz oilfield while repair teams cap the two leaking wells could not be confirmed in Bahrain yesterday.

However, Al Fajr Newspaper in Baghdad said that the Iraqi military command had responded "favourably to an appeal by the environment organisation to halt military operations in the offshore areas close to the damaged wells."

The Iranians have accused the Iraqis of capitalising on the catastrophe to secure a ceasefire, albeit in a limited geographical area.

Dr Ali Shams Ardekani, the Iranian ambassador in Kuwait, commented "The Iraqis are trying to stop the war by creating panic among the Gulf states. Those who were responsible for the spillage are now trying to benefit from it."

Dr Ardekani said Iran is likely to accept only a limited ceasefire, say a 10-mile radius around the Nowruz Field. He added that Iranian crews had so far been unable to get to the area because of continuing Iraqi threats

Oil is still pouring into the sea at an estimated rate of 5,000 barrels a day.

The oil slick, which consists of 100,000 barrels of crude oil, has drifted to within 60 miles of the north coast of Bahrain and could hit the beaches in two weeks.

John Elliott meets the Indian Premier's ambitious daughter-in-law

Maneka challenges a dynasty

A YEAR AGO, a classic row between mother and daughter-in-law erupted into a major public fracas when Mrs Indira Gandhi, India's Prime Minister, threw the widow of her late son, Sanjay, out of the family home in New Delhi.

This week the charismatic 26-year-old daughter-in-law, Maneka Gandhi, celebrated the first anniversary of the event by launching her own political party, a move which could eventually change the course of Indian politics.

Maneka Gandhi will not admit, yet, that she wants to be Prime Minister. "It is a bit early to say 'yes' at the age of 26," she comments. But when it was suggested that an explanation she had given about how India could not afford, unilaterally to abandon nuclear weapons sounded prime ministerial, she said warmly: "Thank you." She added: "If I've gone into something, I might as well make a success of it."

Controversially, she has evoked the name Sanjay in that of ber party, announced nn Sunday – Rashtriya Sanjay Manch – which means Sanjay's All India Congress. She is directly challenging Mrs Gandhi, who has chosen her surviving son Rajiv, a former airline pilot, as her potential successor, after the death of Sanjay in a light aircraft crash three years ago.

She bas further decided on a head-on comfrontation with the shy and retiring Rajiv by announcing that she intends to stand for election as an MP in the Amethi constituency in Uttar Pradesh, where Rajiv was elected MP in succession to his dead brother.

Success for Maneka Gandhi, in what is generally seen as an amusing but politically irrelevant sideshow, could lead to her becoming a significant political force. Defeat, however, could mean the end of her political ambitions.

Maneka Gandhi, an effective speaker, pulls large crowds at the public meetings she has held all over the country. She has linked up with one or two local politicians *who have defeated Congress (I)* candidates in recent state elections, and a former government minister is a close aide.

She claims that there are 800,000 members in her party, a figure which few in New Delhi believe, but as yet there is no sign of any major party organisation.

She insists she has no "mentor." Her manifesto, to be published this week, includes proposals for dual-citizenship for Indians working abroad to encourage them to repatriate funds to India, action on unemployment to help solve regional troubles, and an international policy of non-alignment, but with a nuclear capability.

For the time being she is little more than an irritant for Mrs Gandhi, who has enough pressing political problems without being diverted by the politicking of a vivacious woman who has little to lose and everything to gain from cashing in on the Gandhi name.

These are not easy days for Mrs Gandhi. In addition to the persistent problems in Assam, there are troubles in the Punjab, involving the Sikhs, and in Gujerat between Moslems and Hindus.

Chief Ministers from three southern states, who oppose Mrs Gandhi and her Congress (I) party, last week formed a new regional council which may eventually pose a challenge to ber. Economic problems have been worsened by a severe drought in South India.

Maneka Gandhi comes from a comfortably-off Sikh army family.

Mrs Maneka Gandhi

A former model with no political background, she met and married Sanjay while at Delhi University. A garlanded picture of Sanjay hangs in the outer office of her family trucking company where about 10 men work both for the company and the new party.

Yesterday they were playing with Varun, the *three-year-old son* of Sanjay and Maneka. The bitterness between Maneka and Mrs Gandhi is so deep that the latter complains publicly that she is prevented from seeing her grandson.

Dressed in a dark blue Punjab kurta dress (although she frequently wears saris), Maneka's image is of a slim, confident westernised Indian woman who laughs easily, but is learning to talk seriously about political issues.

A suggestion that she might have called ber party Congress (M), apeing the (I) for Indira in the ruling Congress (I) Party, elicited a sharp response. "By the time the elections come round, Congress will be a dirty word," she declared. "The Government is deteriorating into *tamasha*" – a show to divert people from reality.

She claims she will gain from starting at the bottom of the political ladder, instead of at the top like Sanjay and Rajiv. But she also has an austere side. She is proud of having had few toys and lots of books when a child, and says she is applying a similar régime to her son. She taught him to read at the age of one, after Sanjay's death.

She wears no jewellery, not even n wedding ring, and until now has based ber political views on the youth and ecology-oriented policies started by Sanjay – planting trees, abolishing dowries, increasing adult education, and improving hygiene.

She deplores excessive government spending – for example on the recent Asian games and the non-aligned conference and on a flight Mrs Gandhi took earlier this week to the southern drought areas.

She claims that she is not trying to settle old family scores, either with Mrs Gandhi or Rajiv. But no-one believes her.

She is generally thought to have a fair chance of beating Rajiv if they both stand in Amethi. The memory of Sanjay and the sight of his widow and son, continuing his work, could have a dominant impact there.

This will be ber first big test. Maneka Gandhi along with some other politicians, believes that it could come in June nr July, if Mrs Gandhi were then to call a snap general electinn.

If Maneka Gandhi won, she could have a majnr political future, upsetting the dynastic inheritance that Mrs Gandhi took over from ber father and plans to pass nn to ber son.

Court told of $20m in Calvi mystery

By Raymond Hughes, Law Courts Correspondent

AN ITALIAN business associete of Sig Roberto Calvi, bead of Banco Ambrosiano, withdrew about $20m from Swiss bank accounts shortly after Sig Calvi was found hanged, the London High Court was told yesterday.

Sig Flavio Carboni, one of the last people to see Sig Calvi alive, had told Swiss police that the money had been given, or been caused to be given, to him by Sig Calvi.

Sig Carboni had refused to disclose the ultimate recipients of the major part nf the money, Mr George Carman, QC, told the Lord Chief Justice, Lord Lane, and two other judges in the Queen's Bench Divisional Court.

Sig Carboni's statement, which had been obtained from the Swiss police, was part nf what Mr Carman described as significant fresh evidence that had come to light since the inquest.

Mr Carman said the new evidence called into question the correctness of the verdict that Sig Calvi committed suicide under Blackfriars Bridge, London.

He was appearing for Sig Calvi's widow, son and daughter, who are asking the court to quash the inquest jury's major verdict on the *man known* as "God's Banker," because of his close links with the Vatican bank, and to order a new inquest.

Mr Carman said the suicide verdict was a grave moral stigma for the Calvi family as they were Catholics.

"They entertain the belief thet he met his death at hands of others," he said.

The coroner's conduct of the inquest had resulted in a positive miscarriage of justice, Mr Carman declared.

The inquest had been conducted with unseemly haste, over 12 hours in one day, the jury bad been put under unwarrantable pressure, there had been material procedural irregularities, and the coroner had on occasion displayed misplaced levity.

Mr Carman said: "It goes far beyond a case of a lurking doubt that justice was not done. There is the gravest fear that the purposes of justice were frustrated."

He said Sig Calvi had given no indication of any intention to take his own life. On the contrary, he had expressed the fear that his life was in danger from others.

Mr Carman contended that the proper verdict would have been an open verdict. That might still be the position at a fresh inquest, though new evidence might alter the situation.

He referred to bricks in Sig Calvi's pockets when he was found hanging from scaffolding under Blackfriars Bridge. The bricks might have been placed on him "by way of ritual."

He said: "A lot of the background of the life and times of Sig Calvi relate to some lodge in Rome to which he belonged."

Another possibility was that the bricks had been placed there to simulate a suicide.

Mr Carman said a "mystery caller" had telephoned the Calvi family's solicitor, *Sir David Napley*, from the South of France and described how the banker was "murdered" by three other Italians.

The informant had said Sig Calvi had been taken to the scene of his death by boat.

The hearing continues today.

Writ served on Ambrosiano holding bank

By Alan Friedman in London

MIDLAND BANK yesterday delivered e writ to the Milan offices nf Nuovo Banco Ambrosiano in order to recover its share of $300m of loans made to the now-defunct Banco *Ambrosiano Hnlding* (BAH) in Luxembourg.

Netinnal Westminster Bank, the co-chairman with Midland of an international steering committee, is expected to serve its writ today. In all 80 banks writs are expected to be delivered before the Easter holiday.

Midland's legal action, like the nthers, demands repayment of its loans to BAH on the grounds that under Article 54 of the Italian banking law, a successor bank must take over the liabilities of its predecessor institution.

Under this rationale Nuovo Ambrosiano would be liable for the debts of Banco Ambrosiano SpA.

The Midland writ also argues that Banco Ambrosiano SpA and its successor are liable on the basis that BAH in Luxembourg was a foreign subsidiary of an Italian bank.

It is understood that creditors of Ambrosiano Andino, the Lima-based subsidiary, will also take legal action to recover bank debts.

THE LEX COLUMN

The hard road to recovery

The London equity market had already discounted the good news on recovery reported yesterday by the Confederation of British Industry and drifted lower after an initial fillip. With the reporting season for the engineers now in full swing attention is switching to the prospects for individual companies. Yesterday it was the turn of Delta and Glynwed to provide the grist. Their results suggest the dangers of assuming that continued recovery in demand will be a universal panacea.

Delta

Delta Group of the UK has saved itself the princely sum of £350,000, plus associated advanced corporation tax, by a final dividend cut which begs some awkward questions. The least of these concerns the future of the interim dividend. Rather more pressing is the matter of management's expectations for 1983. Delta has reported a good performance in electric cables, for example, but margins in this industry sector have plummeted since September and the outlook for this year might be a legitimate worry. Above all, though, the eccentricity of the dividend cut underlines a question about the management's capacity for effecting forceful changes, which might well be asked in the light, too, of the latest results.

The answer to this last must impinge on Delta's status as a recovery stock, but the evidence is mixed. The slimmed down switchgear businesses bave been brought into profit after an arduous two year reorganisation – and this has been a major factor behind the 14 per cent gain in pre-tax profits to £14.5m, achieved despite sizeable losses by Delta Manganese in South Africa. On the other hand, the Deltaflow business is still a loss-maker. Trading profits of just £1.3m in "fluid controls," on turnover of £142m, suggests that Delta's rationalisation measures have fallen short of a convincing response to cheap Italian tap imports. The shares, down 2p to 51p, are yielding 9.9 per cent.

Glynwed

Glynwed's early recession-proofing reorganisations, unlike Delta's have more than proved themselves in the UK over the past 12 months, but its figures have still been swamped by a cold douche from overseas. After the halving of trading profits in the U.S. and South Africa to £6m, and an acceleration in interest payments, mainly associated with these businesses, pre-tax profits for the year to December emerged 29 per cent down at £13.7m.

Even in the UK, there was little volume growth in the main divisions, but margins improved substantially, lifting trading profits by 20 per cent before inclusion of the newly-acquired Ductile Steel. Overseas, however, margins were torn to ribbons by the recession, with the U.S. steel stockholding business losing £1.2m and South Africa caught in a combination of falling demand, rising interest rates and a big capital expenditure programme.

With a full year from Ductile, Glynwed should be capable of profit of around £18m this year. Even so, its appetite for cash leaves a question mark over its ability to fund an upswing. Last year's share acquisition of Ductile helped bring the debt equity ratio down from around 70 to 64 per cent, but despite £4m cash brought in with Ductile, there was an overall outflow of around £10m. Yesterday, however, the market was concentrating on the maintained dividend, and the shares gained 3p to 114p, where they yield a comforting 9.5 per cent.

Freemans

Investors in the UK looking for *encouraging straws in the wind for* the mail order sector from Freemans' preliminary figures are doomed to disappointment. The official statistics suggest that in the last half year mail order sales have stopped trailing the average retailing performance. Freemans' figures run against this trend, however, with a first half gain of 9 per cent falling away to 7 per cent in the second six months.

This sluggish outcome has emerged in spite of an agent network on average 10 per cent higher through the year, and has precipitated £1m of stock write-downs.

Pre-tax profits for the full year have been halved – as in the first half – to £8.4m. For the third year running operating costs – up about 10 per cent – have risen much faster than prices – up about 4 per cent – so the slow volume growth has resulted in a squeeze on net margins.

The other main drag has been the bad debt experience, which may have reduced profits by an additional £2½m. The benefit of the favourable shift in the sales mix towards fashion, meanwhile, has been marginal.

In the last few months the company has responded by cutting back its agents, introducing tighter control of debtors and taking a more conservative attitude to stocks. So the bad debt experience and stock write-downs may ease in the current year.

The pace of cost increases should slacken towards that of price gains, while debt seems to be coming under control. But sales volume may well be lower in the current half, suggesting a further squeeze on profits. Whether any shortfall is made up in the second half will depend on the general economic background.

The shares were unchanged yesterday at 76p, where the yield is 8 per cent.

Lucas/Smiths

The merger of the Lucas and Smiths Industries automotive electronics businesses applies a British solution to a sector where battle is already engaged on a world scale. Some overlaps in instrumentation systems were already beginning to occur. Without them the joint company should be able to establish a better base in the diminished UK vehicle manufacturing market.

That said, the deal allows Smiths largely to disengage from a sector which has been a severe drain on performance. Its non-distribution automotive interests lost £2m in 1981 and another £125,000 last year, on a turnover of £55m.

While retaining the vehicle heating subsidiary, constituting about a quarter of the division, Smiths is making over the rest to the new company in a neutral deal which gives it £13m of shares for the same amount of assets. It will also be able to deconsolidated the joint concern – a clear indication that it intends to concentrate management resources elsewhere.

The market responded to this new-look Smiths by marking the shares up 11p to 433p, while Lucas lost 2p to 162p.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	15	59	Dubrovnik	C	13	55	Malaga	S	15	59	[illegible]	F	11	52
Akrotiri	S	18	64	Faro	F	18	61	Malta	S	18	64	Seoul	F	17	63
Algiers	C	11	52	Florence	F	12	54	Manila	S	35	95	Singapore	S	35	95
Amsterdam	S	6	43	Frankfurt	S	5	45	Miami	F	22	72	Stockholm	C	3	37
Athens	S	17	63	Funchal	C	17	63	Milan	R	6	46	[illegible]	S	4	39
[illegible]															

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Coal post for MacGregor

Continued from Page 1

Siddall scalpel will be replaced by the MacGregor hatchet."

Both Mr Lawson and Mr MacGregor played down the possibility of an axe being applied to the Coal Board's operations.

The Thatcher Government hopes that Mr MacGregor will speed up the closure of exhausted, uneconomic pits. Since the beginning of 1979 the Coal Board has shut 31 loss-making collieries but of the 193 which remain at least 60 are expected to reach the end of their workable reserves by 1990/91.

Double attack on French cuts

Continued from Page 1

the press yesterday, it was clear that many of the radicals in the party spoke out against the change in policy and cast *doubts on its* chances of success.

Reflecting the views of left-wing Socialists, M Christian Goux, Socialist chairman of the Finance Commission in the National Assembly, said that depressing domestic demand would result in a fall in economic activity, greater difficulties in balancing the budget and a worsening of the financial position of companies.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday March 29 1983

Operating earnings surge at Commerzbank

BY STEWART FLEMING IN FRANKFURT

FALLING interest rates and a decision to concentrate on more profitable short term lending have led to a surge in the operating earnings of Commerzbank, West Germany's third largest bank.

The bank, however, is not paying a dividend for the third consecutive year. Instead it is applying the bulk of its profits improvement, as well as some DM 350 m ($145m) raised through a sale and lease back agreement on some of its properties, to cover loan loss write-offs, increased provisions against credit risks, and adding to equity reserves.

In the parent bank, where assets rose 3 per cent to DM 66.2bn last year, the bank tripled its provisions against possible loan losses and loan write-offs from DM 191.6m in 1981 to DM 603m last year. In the consolidated concern, where assets increased from DM 101bn to DM 106bn, provisions and loan write-offs have been increased from DM 215m to DM 706m.

Deutsche Bank, the largest of West Germany's commercial banks, is increasing its dividend for 1982. The payment is going up to DM 11 a share from the DM 10 shareholders received in 1981.

Behind the sharp increase in the parent bank's profits was a DM 304m rise to DM 1.4bn in net interest income and a DM 58m rise to DM 505m in commission income.

Several factors contributed to the increase in interest earnings. Falling interest rates last year led to a sharp reduction in the volume of long-term fixed-interest loans which the bank was financing at a loss with expensive short-term funds in 1980 and 1981. At the peak, Commerzbank's noo-earning mismatched loan portfolio hit DM 25bn. Now the bank says the mismatched portfolio has been reduced to a "reasonable level."

In addition the bank has been widening its interest margins concentrating on more profitable short- and medium-term lending on the one hand and less expensive customer. deposits instead of bank finance oo the other.

Gross interest margins have risen from 1.64 per cent on average in 1981 to 2.40 per cent in December 1982.

In the group a recovery from heavy losses by the bank's Luxembourg subsidiary has also added to the bank's earnings.

In the first two months of the current year, Commerzbank says profitability has improved further. Dr Walter Seipp, the bank's chief executive, says that assuming commission income and the bank's earnings from its own trading in securities and foreign exchange, are maintained, then profits before loan write-offs will be higher in 1983 than in 1982.

Klöckner profits decline by 25%

By James Buchan in Bonn

KLÖCKNER und Co, the West German steel trading and engineering concern, reported after-tax profits down by a quarter last year to between DM 27m and DM 29m ($11m-12m) as sales weakened.

Herr Joerg Henle, partner and chief executive of the concern, said that external sales fell by 4 per cent in the second half of the year to result in a total DM 8.7bn for 1982. Klöckner und Co., which handles about 60 per cent of the steel trading for its 10 per cent owned Klöckner-Werke, was hit by the fall in demand for steel and a collapse in prices in the second half.

However, sales from unconsolidated foreign affiliates rose from DM 1.3bn to DM 1.4bn. Another promising sign came from the small industrial plant division, which started the current year with DM 3.66bn on its order book.

The company said, however, that with 1983 "so heavily burdened with uncertainty," it had decided to mark down net earnings to prevent delayed effects in the current year.

Herr Henle confirmed that Klöckner und Co. had also provided assistance for Klöckner-Werke, which passed through serious cash shortages in the winter, by making immediate payment for deliveries. He said this amounted to assistance of some DM 400m at current interest rates over a year.

HDW board approves Hamburg shipyard cuts

BY OUR FRANKFURT CORRESPONDENT

A PLAN for drastic cutbacks at West Germany's biggest shipbuilding group – Howaldswerke-Deutsche Werft (HDW) – was approved yesterday by majority vote of the concern's supervisory board.

The vote took place as workers staged strikes and protest demonstrations at shipyards in Hamburg and Kiel.

Under the management's plan, about a third of the 11,000 workers would lose their jobs. Shipbuilding would end entirely at the group's yard in Hamburg, which would concentrate on ship repairing and engineering.

HDW has made heavy losses in recent years and further losses are expected in the foreseeable future, under the impact of the slump in world shipbuilding and severe competitioo from Japan and South Korea.

Earlier this month, the city government of Bremen and a consortium of banks stepped in to save another big shipbuilding group, Bremer Vulkan, which faced an acute liquidity crisis.

Workers at HDW have beeo calling oo the West German Federal Government to take action to save jobs, but their pleas so far have fallen oo deaf ears.

HDW is 74.9 per cent owned by Salzgitter AG, the steel and industrial concern which is, in turn, owned by the Federal Government. The remaining interest in HDW is held by the State Government of Schleswig-Holstein.

The crisis at HDW has come to a head only weeks after the ruling coalition of Christian Democrats and Free Democrats was returned to power in Bono and after the Christian Democrats were re-elected in Schleswig-Holstein.

Under the cutbacks, 2,000 of the 4,000 shipyard jobs of HDW at Hamburg would be axed, while in Kiel – the capital of Schleswig-Holstein – about 1,500 of the 7,000 jobs would go.

The city of Hamburg, which is controlled by the Social Democrats, has joined shipyard workers in voicing protests against the plan.

The employees have been staging intermitteot stoppages since details of the cutbacks became known recently and yesterday sent protest groups to the city of Salzgitter, where the supervisory board met to consider the group's future.

U.S. Shoe boosts sales to $383m

By Our Financial Staff

U.S. Shoe Corporation, the major shoemaker, importer and retailer, has shown iocreased earnings in the fourth quarter and year ending January 29. But it warns that results in the curreot quarter will be moderated by the costs of major expansioo plan.

For the fourth quarter, the Cincinnati-based group earned $27.68m, or $2.51 a share compared to $22.01m or $2.01 in the previous comparable quarter. Sales also showed strong growth, rising by nearly 25 per cent to $383.5m from $308.4m.

For the year, earnings edged ahead from $58.76m or $5.33 o share to $60.12m, or $5.43 a share, oo reveoues of $1.25bn, against $1.09bo.

Earnings in 1981 were boosted by extraordinary gains of 18 cents in the fourth quarter and 34 cents in the year from the disposal of assets.

The latest quarter benefited from Last-in, first-out (Lifo) ioventory valuation adjustments which lifted profits by 4 cents a share against 21 ceots a share last time.

For the year, however, Lifo accounting reduced net earnings by 17 cents a share against 8 cents

FDIC chairman in call for reform of U.S. banking laws

BY OUR FINANCIAL STAFF

A MAJOR overhaul of U.S. banking laws, regulations and deposit insurance requirements has beeo urged by Mr William Isaac, chairman of the Federal Deposit Insurance Corporation.

He told a meeting in San Diego of the Independent Bankers Association that banks should be permitted to engage in a much broader range of financial services than is possible under current law.

He specifically cited the need for expanded bank powers in the areas of securities, real estate, travel agencies, insurance and data processing.

Mr Isaac's comments follow the partial deregulation of financial services in December, causing fundamental changes in the structure of commercial banks, securities firms and insurance companies and bringing down big established barriers between different institutions.

Last weekend he told the bankers the term "bank" should perhaps be redefined to include any institution that offers either cheque accounts or any type of federally insured deposit.

Companies that offer financial services should be permitted to own or affiliate with banks, Mr Isaac said.

The FDIC chairman also called for consolidation of the three major federal agencies that regulate financial service activities. He said the now-separate multi-billion dollar funds that insure deposits at federally chartered commercial banks and savings and loan associations should be merged as well.

Under Mr Isaac's plan, all securities activities by banks or thrift institutions would be supervised by the Securities and Exchange Commissioo and consumer matters would be handled by the Federal Trade Commission.

Mr Isaac repeated his call for more public disclosure by banks so that depositors can properly evaluate an institution's financial condition.

The FDIC has already decided to publish new information on the composition of bank assets and problem loans. Mr Isaac said the agency is considering additional disclosures oo matters such as "insider leoding" practices and enforcement actions taken by regulators.

"We are attempting to turn the spotlight on marginal, high risk banks. We believe this will deter unsound banking practices and destructive competition," he said.

Optimism at Triumph-Adler

By Our Financial Staff

TRIUMPH-ADLER, the office electronics group acquired by the Volkswagen motor group three year ago, expects losses for 1982 to decline to about DM 150m ($62.5m) from the DM 447m deficit incurred in 1981.

The company said yesterday that the losses for last year would shrink to about DM 50m after the cancellatioo by VW of DM 100m of debt repayments. Debt repayment waivers by VW in 1981 reduced that year's deficit to DM 197m.

EBC reaches agreement over Venezuelan bank debt lawsuit

BY ALAN FRIEDMAN IN LONDON

AGREEMENT has been reached between Venezuela and the European Banking Company (EBC), a consortium bank, on a lawsuit filed by EBC to recover $30m of very short-term credits on which the state-owned Banco Industrial de Venezuela had defaulted.

The terms of the settlement are not yet known and will be released early next week. The lawsuit was instituted in Caracas last month by EBC's Brussels arm, after the state-owned Venezuelan bank defaulted on a total of nearly $32m on two separate 90-day advances made last September. The $32m included interest and arrears on a nominal $30m sum.

EBC (Londoo) and EBC (Brussels) yesterday unveiled their first combined accounts since the two banks were integrated as European Banking Group. Both parts of the group saw a large drop in pre-tax profits, after more than doubled bad debt provisions for 1982.

EBC (London) saw its 1982 pre-tax profit drop by 30 per cent to £2.1m ($3.07m). EBC (Brussels) 1982 earnings were nearly 38 per cent lower at BFr 525m ($10.96m).

The Brussels arm has dramatically reduced its dividend payment, which fell from BFr 420m in 1981 to BFr 105m for last year.

In London, the UK bank paid out £500,000 in 1982 dividends, unchanged from the previous year.

$6m earnings for Schindler

SCHINDLER, the Swiss lift and escalator concern, intends to pay unchanged dividends of SwFr 12 per registered share and participation certificate and SwFr 60 per bearer share after unchanged net earnings of SwFr 12.84m ($6.18m) for 1982, against SwFr 12.9m.

Group profits are expected to exceed the SwFr 30.9m recorded for 1981. Consolidated sales were up by 11.9 per cent to SwFr 1.66bn in 1982, excluding sales of companies acquired in the UK and Canada last autumn

Voest-Alpine extends Korf stake

BY JOHN DAVIES IN FRANKFURT

VOEST-ALPINE, the Austrian steel and process plant manufacturer, has taken a majority stake in Korf Engineering of West Germany, as part of the dismantling of the troubled Korf steel group.

The Austrian concern, which previously had 49 per cent of Korf Engineering, has extended its stake to 66 per cent, with the remaining 34 per cent now in the hands of a bank consortium.

A majority 51 per cent stake had been held by Korf Stahl, which earlier this year announced composition proceedings for protection against its creditors.

Korf Engineering, which has been regarded as the technological "pearl" of the group, said that the deal ensured that it would remain outside the tangled web of court-supervised composition proceedings.

It said that its activities had not been affected by the troubles of the Korf group. It saw its position strengthened by Voest-Alpine's move.

Voest-Alpine declined to give any details of the financial arrangements under which it has extended its stake.

LONDON RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
140	F.P.	15/4	145	138	♣Airship Inds.	135	.....	—	—	—	—
112	F.P.	16/3	165	122	Assoc. British Ports	168	+7	b7.0	1.5	3.2	15.5
...	F.P.	—	100	98	Atl'tc M'trp'n U.S.$.10	98½	.....	Q6c	0.8	3.3	02.8
§74	F.P.	21/1	158	103	♣Canvermoor	157	.....	b3.64	2.0	3.2	15.5
‖‖	F.P.	15/4	220	200	♣Grainger Trust	200	.....	u5.2	2.5	3.7	15.1
§58	F.P.	6/4	112	89	♣HB Elect Comps 10p	100	.....	u1.19	3.2	1.8	22.3
‖‖	F.P.	—	110	88	♣Sinclair (Wm.)	88	.....	¶4.25	1.0	7.5	15.7
‖‖	F.P.	—	105	77	Do. Defd.	80	+1	—	—	—	—
178	F.P.	25/3	303	253	Superdrug Stores 10p	270	.....	bd5.5	2.4	1.2	31.9
120	F.P.	—	125	95	♣Swindon Priv Hos £1	95	.....	—	—	—	—
§10	F.P.	17/3	29	22	♣Tele.Services Intl 10p	25	.....	b0.2	5.5	1.1	30.0
§72	F.P.	30/3	113	89	♣Utd. Packaging 10p	112	.....	b2.5	3.2	3.2	11.2
§150	F.P.	18/2	340	265	♣WightCollinsR-310p	280	.....	bd2.75	3.5	1.4	31.2
—	F.P.	8/3	23	19	Yorks &Lancs.W'rrnts	19	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price £	+ or −
99.431	£20	10/4	31⅞	18	Birmingham 11½% Red. 2012	15¾	−1
¶100	£10	9/3	10¾	10¼	E.WorcestershireWater 7% Rd. Prf.1988	10¾	...
‖‖	F.P.	31/3	224p	162p	Electro-Protective 7% Cnv. Prf.	170p	+8
13	£25	30/6	25½	24¼	Hambros Inv. 6-17% Stpd. Deb. 2013	25	−½
—	—	—	100⅜	99	Nationwide Bdg. Soc. 11¼% Bds. 15/1/84	100⅛	.....
§27.174	£25	3/5	30⅛	22	Pearson (S) 13% Uns. Ln. 2007	29¼	−½
¶100	£10	2/5	12	12	Sutton Dist. Water 7% Pref. 1988	12	.....

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982/3 High	1982/3 Low	Stock	Closing price	+ or −
260	F.P.	23/2	28/4	348	273	AGB Research 10p	325	.....
73	Nil	12/4	15/5	21pm	17pm	♣Aldcom Int. 10p	21pm	+1
‖140	F.P.	25/3	15/4	154	73	♣Airship Inds.	134	
230	F.P.	23/3	25/4	410	223	Applied Computer	410	+8
11	Nil	—	19/4	2¾pm	¼pm	♣Berkeley& Hay Hill Invs 10p	½pm	+¼
10	Nil	—	—	2¼pm	1⅛pm	Bluemel Bros.	2¼pm	+¼
135	Nil	—	—	40pm	30pm	Brit. Car Auctions 10p	38pm	+8
73	F.P.	7/3	15/3	105	85	Dominion Int. 20p	90	+1
95	Nil	—	—	16pm	12pm	Ferguson Ind.	12pm	−4
383	Nil	—	—	148pm	137pm	Fisons £1	146pm	+5
102	Nil	7/5	22/6	14pm	11pm	♣Garfunkels 10p	14pm	
165	F.P.	11/3	10/6	185	168	Geers Gross 10p	168	.....
90	F.P.	21/2	7/4	165	150	Grosvenor Group	153	−1
30	Nil	—	—	15pm	10pm	Guinness Peat	15pm	+1
260	Nil	—	—	81pm	57pm	Harris Queensway	58pm	.....
140	F.P.	28/3	6/5	194	186	Magnet & Southerns	186pm	.....
25	F.P.	18/3	25/4	29	23	Mettoy	99	
27	F.P.	21/7	7/4	32	38	Mount Charlotte 10p	35½	.....
A$1.50	Nil	—	—	57pm	38pm	North B. Hill 50c	40pm	+2
39	F.P.	3/3	29/4	75	61	Stakis 10p	75	
400	F.P.	4/3	22/4	513	426	Ultramar	520	+5
31	F.P.	28/2	6/5	111	100	Valor	100pm	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ♣ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule.

Banco de Santander wins takeover battle

BY DAVID WHITE IN MADRID

A FIERCE bourse battle over the future of a northern Spanish electrical utility has come quietly to an end with the success of the original bidder, Banco de Santander.

The family-controlled bank, which has been vigorously fending off what it describes as a malicious rumour-mongering campaign about its own financial situation, had secured roughly 75 per cent of the Pta 9.74bn ($72m) share capital of Electrica de Viesgo when the formal period for its takeover bid closed on Friday.

The bid went through after Santander's opponent, Iberduero, the country's biggest electricity company, withdrew its counter-offer.

Santander, having already built up a shareholding estimated at 20 per cent of Electrica de Viesgo, initially bid for a third of the stock at 150 per cent of nominal value.

This offer in January was immediately followed by a bid by Iberduero for half the shares, raising the price to 170 per cent.

Iberduero's interest rested on industrial links with Viesgo and the two companies' close relations with Santander's Bilbao-based rival, Banco de Vizcaya.

After its successful final bid of 180 per cent, Santander may now acquire total cootrol of Viesgo, which ranks twelfth in its sector. It had sales of Pta 18bn in 1981 and net profits of close to Pta 1bn.

Saleninvest loses $41m despite higher sales

BY DAVID BROWN IN STOCKHOLM

SALENINVEST, the Swedish shipping company, suffered losses of SKr 308m ($41m) before extraordinary items, in 1982, against earnings of SKr 227m for the previous period.

Sales grew 6 per cent to SKr 4.9bn, but operating costs grew by 13 per cent to SKr 4.7bn.

Operating earnings of SKr 58m were posted, including a SKr 20m item for ship sales. This compared with a 1981 figure of SKr 457m, which included ship and oil rig sales worth SKr 162m.

Net financial costs grew from SKr 180m to SKr 229m in 1982. Exchange differences resulting from the effects of Sweden's devaluation oo the group's foreign loans climbed from SKr 50m to SKr 137m.

An extraordinary loss of SKr 76m, because of a revaluatioo of assets, brought the loss before taxes and appropriatioo to SKr 384m, against earnings of Skr 229m for 1981.

The oet loss was put at SKr 131m, against profits of SKr 104m in the previous period. The board has proposed oo dividend. The 1981 dividend was SKr 7.5 per share.

Saleninvest attributed the results to a weak shippiog market, with declining freight demand and vessel oversupply. Dry cargo operations were hit by reduced volume and overcapacity and a "heavy loss" was noted in tanker operations. Saleninvest's energy earnings were described as "very favourable."

Ambrosiano disposal

BY JOHN WICKS IN ZURICH

BANCA DEL GOTTARDO, of Lugano, has purchased the Zurich-based finance company Ultrafin from Banco Ambrosiano Holding, of Luxembourg, at an unspecified price. Ultrafin, which has share capital of SwFr 20m and a balance-sheet total of SwFr 55m ($26.7m) at the end of last year, is active in the field of international syndicated loans and project financing.

The Swiss bank is itself an affiliate of Banco Ambrosiano Holding. The purchase is intended to provide additional funds for the Luxembourg company to pass on to its creditors.

Second-half slowdown in growth at MUI

By Wong Sulong in Kuala Lumpur

MALAYAN Upited Industries (MUI), the diversified investment group, has reported an 8 per cent rise in pre-tax profits to 64.1 ringgit (US$28m) for 1982, with second-half growth slowed down by the recession.

At half-way MUI, which has interests in property development, hotels, banking and manufacturing, recorded a 30 per cent advance to 30m ringgit.

While the group's hotels, banking and cement manufacturing activities performed satisfactorily, the 77 per cent owned sugar refining subsidiary, Central Sugars, saw a 39 per cent decline in pre-tax earnings to 20.4m ringgit, as a resplt of increased operating costs and lower prices.

MUI is currently negotiating with the government-owned Pernas group to sell off the sugar refining operations of Cantral Sugars.

MUI is paying a final dividend of 4 cents on enlarged capital of 341m ringgit, making 6.5 cents for the year.

Kuok brothers seek listing for Pelangi

By Our Kuala Lumpur Correspondent

The Kuok brothers, one of South-East Asia's wealthiest Chinese families, are seeking a listing on the Kuala Lumpur and Singapore stock exchanges for yet another of their business operations, Pelangi, the bousing development company.

Last year, the Kuoks floated Federal Flour Mills, and the Rasa Sayang Hotels on the two exchanges, in addition to their control of such listed companies as Perlis Plantations, Rahman Hydraulic, and Shangrila Hotel.

Pelangi, which has a paid-up capital of 54m ringgit, divided into 108m shares of 50 cents each, will issue another 26.5m shares for public subscription The 50 cents shares will be priced at 80 cents each.

Japan to relax rules on the issue of foreign bonds

BY YOKO SHIBATA IN TOKYO

JAPAN'S Ministry of Finance is shortly to relax restrictions on the issuing of foreign bonds by City banks so that they can diversify their fund-raising on overseas markets and ensure sounder fund-supply for their long-term loans to developing nations.

Overseas subsidiaries of City banks, the national commercial banks, have been allowed to issue foreign currency denominated bonds since October 1979. However, the use of the funds raised this way is strictly regulated by the ministry.

Under the current system funds raised by the bonds can be used by the bank's overseas subsidiary which floated them and can only be extended to overseas corporations.

Under the eased standards the funds raised as corporate dehentures in Eurocurrency markets by a bank's overseas subsidiary can be transferred to any of the subsidiaries abroad as deposits or loans and such funds can be extended to sovereign borrowers.

Under the new standards, Fuji International Hong Kong, a subsidiary of the Fuji Bank, plans to float $100m of 10-year bonds on the Eurodollar market.

Fuji International Hong Kong will advance the proceeds of the bonds to its London subsidiary as loans. Fuji Bank'a London subsidiary will then use the funds in medium and long-term loans to sovereign borrowers and foreign corporations.

Other Japanese City banks such as Mitsubishi and Sumitomo Bank are expected to follow suit.

Japanese City banks have found it extremely difficult to fund medium and long-term loans. Of their overseas lendings, short-term loans (with maturities of one year or less) are reported to account for about 50 per cent. Long term loans, with maturities more than 7 years are estimated to account for 35 per cent.

Presently the banks' overseas subsidiaries are limited to certificates of deposit with maturity of five years to meet long-term loans, so they have been resorting to borrowing on the Eurodollar market with maturities of two years with the consequent expense of interest rate risks.

Consumer finance boosts Marui

BY OUR TOKYO CORRESPONDENT

MARUI, one of Japan's leading consumer finance and discount store companies, lifted consolidated net profits hy 11.9 per cent to Y10.28bn ($43m) in the year ended January 31 1983, thanks to hrisk consumer loan business. Sales were Y276bn, op 3.8 per cent.

The parent company contributed net profits of Y9.6bn, up 12.3 per cent and sales of Y270bn.

Reflecting falling consumer spending sales of clothing, sports and household goods were all sluggish. However, sales of services including consumer loans jumped by 54.2 per cent to account for 4.6 per cent of the total. Outstanding consumer loans reached Y70.9bn, up 3.1 per cent with interest revenue rising more than fourfold to Y7bn.

In the current year, to January 1983, Marui plans to expand its consumer loan husiness by offering loans to the general public, in addition to its cardholders.

Consolidated sales are expected to reach Y307bn, up hy 11 per cent, with net profits targeted at Y10.5bn, a rise of 2 per cent.

The parent company plans to increase its term-end dividend by Y2 to Y15.

Saudi British Bank well ahead

BY OUR RIYADH CORRESPONDENT

SAUDI BRITISH BANK, which is 40 per cent owned by tha British Bank of the Middle East, achieved a 28 per cent increase in net earnings to SR 147m ($43.2m) in 1982.

The Riyadh-based bank, which was "Saudi-ized" in tha summer of 1978, increased its assets by 21 per cent to SR 6.2bn and its shareholder equity by 18 per cent to SR 509m. Its return on year-end assets rose moderately to 2.4 per cent and its return on equity to 29 per cent.

Loans and advances were 14 per cent higher at SR 2.5bn, while placements abroad with other banks were up 24 per cent to SR 2.5bn. Total deposits rose 17 per cent to SR 5.1bn.

The bank has declared a SR 20 per share dividend. The British Bank of the Middla East will thus remit about SR 27m in profits.

Net earnings included an extraordinary SR 2.7m described by the bank as "foreign exchange differences and capitalised borrowing costs related to prior years."

Total income rose only slightly to SR 677m.

Cape Wine monopoly findings rejected

By Our Johannesburg Correspondent

THE South African Government has rejected the recommendations of the Competition Board that the near-monopoly position in the wine trade enjoyed by Cape Wine and Distillers be undone.

Cape Wine was established in 1979 with cabinet approval as part of an overall rationalisation of the country's liquor industry. This left South African Breweries as the monopoly beer producer and Cape Wine in control of about 85 per cent of the local wine and spirit market.

Cape Wine is 30 per cent-owned by South African Breweries, 10 per cent by the public, and 60 per cent by Rembrandt-KWV Investments.

Mr Dawie de Villiers, the Industries Minister said that a structure which had been established with cabinet approval could not simply be undone.

He added, however, that the Government wished to ensure healthy competitiveness in the liquor trade and warned against abuse of existing concentrations of power in the trade. This is the first time that the Government has overturned a Competition Board recommendation.

● MURRAY AND ROBERTS, South Africa's largest diversified construction group, has suffered a setback due to the inability of its Armadah Shipyards subsidiary to acquire further orders for oil rigs. The half year to December 1982, resulted in profits after tax of R24.3m ($22.2m) against against R24.1m in the same period of 1981. In the year to June 1982 profits after tax were R51.7m.

An unchanged interim dividend of 15 cents has been declared although first-half earnings fell to 85 cents a share from 101 cents. The year to June 1982 resulted in earnings of 204 cents a share and a dividend total of 60 cents.

INTERNATIONAL APPOINTMENTS

Promotions at General Motors

● GENERAL MOTORS CORPN. is making two promotions following the retirement of Mr Robert J. Cook, vice-president and general manager of Oldsmobile division, on April 1. Mr Joseph J. Sanchez, vice-president and managing director of General Motors do Brasil, SA., succeeds Mr Cook at Oldsmobile. Mr Clifford J. Vanghan, executive director, manufacturing and assembly operations, passenger cars-Europe for Adam Opel AG, has heeo elected a vice-president and named managing director of General Motors do Brasil, SA, succeeding Mr Sanchez.

● GTE ELECTRIC PRODUCTS has expanded its precision materials group through the addition of a division which produces electrical/electronic, metallurgical and ceramic products. Mr John J. Vetere is vice-president and general manager of the division.

● CORROON AND BLACK CORPN. has promoted two senior executives in its Advanced Risk Management Services (ARMS) division, beadquartered in Nashville, Tennessee. Mr Donald K. Helm has been made president and chief operating officer of ARMS, and Mr Richard W. Bureson has been made president of ARMS' newly-formed National Accounts Service Division. Corroon and Black's ARMS divisioo was established in 1978 to serve as a resource for all subsidiaries in the development and implementation of alternative risk management techniques for large property and casualty clients. The division is composed of eight companies.

● VOUGHT CORPN., the aerospace subsidiary of the LTV Corpn, is to create two new divisions. On April 4, the company will be reorganised into a missiles and advanced programs division and an aero products division. Mr Edwin F. Cvetko, senior vice-president—operations, will become president of the aero products division. Mr Robert N. Parker, senior vice-president—research and engineering, will become president of the missiles and advanced programs division. Mr Billie M. Smith, senior vice-president and general manager of the multiple launch rocket system division will become executive vice-president and general manager—missiles of the missiles and advanced programs division. Mr John J. Welch Jr., senior vice-president—programme development, will conceotrate on corporate business opportunities, as well as the companies, Washington operations.

● Mr Ivan Dezelic has been named director sales—Yugoslavia and Eastern Europe for PAN AMERICAN WORLD AIRWAYS. He will be based at the airline's corporate headquarters in New York with principal responsibility for liaison with all Eastern European ethnic travel agencies in the U.S., Germany and Eastern Europe. He was manager meetings and conventions and incentive sales U.S. and international.

Newspapers in battle for sales in South Africa

BY OUR JOHANNESBURG STAFF

EVERYONE KNOWS thet South Africa's newspaper market is overtraded. No fewer than 21 dailies compete for a combined circulation of 1.2m, while 12 weeklies—not to mention two dozen national magazines and the usual range of trade journals — enjoy total sales of about 1.7m.

Johannesburg bas six daily papers, of which only one—the afternoon Star — makes significant profits, largely from a bulky section of classified small ads. The Rand Daily Mail (RDM), which is probably the South African paper best-known abroad, is losing about R7m ($6.5m) e year.

The shakeout has already begun. In the past month two small Afrikaans-language dailies in Pretoria have folded and Die Transvaler, which used to be the Transvaal flagship of the ruling National Party, has been taken off the streets of Johannesburg and transferred to the Pretoria afternoon market.

It is clear to everyone in the industry that this is the first of the inevitable changes. But the ettitude of the various companies is neatly summed up by Mr Hal Miller, managing director of the Argus Group (whose flagship is the Star). He says: "We think there are too many newspapers, but we're not ebout to get rid of any of ours."

There are of course the usual emotive reasons for not wanting to close a newspaper, but on top of these each of the publishing groups is worried that a decision to take one of its own titles off the streets would create an opening for a commercially—and politically—hostile competitor.

The best example of working of this dilemma at the moment is in Johannesburg, where the RDM, which used to be the most outspoken and articulate critic of Apartheid and the National Party Government, bas been slipping badly in recent years.

The RDM's failure to establish e cohesive readership profile bas discouraged edvertisers, wbo pay for a circulation of 110,000 but reach only e fragment of the market they are aiming at in any specific reader group. Its critics argue tbat one of the RDM's big mistakes bas been to try to be all things to all men, from black blue-collar commuters to white suburban bousewives and Johannesburg businessmen.

The RDM's proprietors, South African Associeted Newspapers (SAAN), bave promised that the paper will not be closed—although the board was said to have come close to that decision last December—and that it will continue to support the Opposition. One key reason for the decision to soldier on would be to prevent the rump of the English - language morning market from falling into the lap of the Citizen, the paper set up with secret Government funds in 1978.

The Citizen, though English-language, is owned by the Perskor group, which is also the proprietor of the three Afrikaans papers involved in last month's rationalisation. It is still losing money, ebout R5m a year, it is believed, bnt both its circulation and its readership group quality are slowly picking up.

Middle-class English-speaking Transvalers are no longer so reluctant to edmit that they buy the Citizen, wbose editorial line is generally, though not always, pro-Government.

SAAN bas said that it is currently assessing what to do. Journalists and others in the business in Johannesburg believe that the company has three main options:—

- To concentrate on the black readers who now account for more than half the RDM readership.
- To convert the RDM into a business-orientated daily paper (SAAN bes a consultancy agreement with a commercial division of the Financial Times).
- To set up a single national morning paper, putting together the RDM as well as SAAN's morning dailies in the coastal cities, employing a system of regional editions. The possible savings on staff and administretion are substantial.

SAAN's operating profit declined to R5.8m last year, from R12.5m in 1981, and that profit was dependent on the Sundey Times and the Financial Mail.

Among the other groups, Perskor is the most troubled. Its operating income slumped to R3.8m in the six months to last December, from R6.3m in the same period of 1981. Roughly a quarter of its earnings are believed to bave come from its half-share in Rapport, a successful Afrikaans Sunday newspaper, and almost all the rest from lucrative printing contracts (many from the Government), a book division and magazines.

Perskor's main rival, Nasionale Pers, although the smallest of the four main newspaper groups, has recently emerged as the most dynamic and successful.

Based in Cape Town, its attack on the Transvaal market since the mid-1970s ranks as one of the most remarkable business success stories in South Africa.

Nasionale's Transvaal morning paper, Beeld, begen publication in 1974, and within five years bad overtaken Die Transvaler's circulation.

Beeld's future seems assured. Almost immediately on Die Transvaler being moved to Pretoria, Beeld telexed notice of a 33 per cent advertising rate increase to agencies. But despite the ferocity of its attack on Perskor, Nasionale would probably stop short of any ettempt to take it over or force it out of the newspaper market altogether.

Perskor's generally more conservative newspapers are a useful vehicle for the Government to push its line, leaving the *Nasionale papers free to be a* little more independent, although they generally support Government policies. One newspaper analyst argues that Nasionale Pers is worried ebout the prospect of being too closely tied to the National Party. "If Perskor goes, Nasionale will become his master's voice," be says.

Looming on the sidelines is the Argus group, which bolds 39 per cent of SAAN shares but, under Government pressure, bas relinquished most of its voting rights and withdrawn its nominees from the SAAN board.

All of Argus's largest titles are profitable, and there is thus no urgent need for dramatic changes.

Argus would probably be moved to action only by a threat to dislodge the Star (perbaps coming from a SAAN national morning paper) from its position as South Africa's largest daily. In that event, Argus might turn the Star into the mnch mooted 24-hour paper, despite the cost and high risks of sucb a venture.

Meanwhile, Argus is pressing ahead with an active diversification programme. It owns 50 per cent of Caxton, a highly successful distributor of suburban free sheets whose profits are boundiog up much faster than those of the group's newspaper business. Other interests include television production and editing unit, video production facilities and a computerised *advertising and information* service.

JOHANNESBURG DAILY NEWSPAPERS
average circulation

Morning publication	Publisher	Language	July-Dec, 1982	July-Dec, 1976*
Rand Daily Mail	SAAN	English	109,270	151,916
Sowetan (formerly World)	Argus	English	89,120	159,128
Beeld	Nasionale	Afrikaans	75,982	50,093
The Citizen	Perskor	English	65,602	62,618*
Die Transvaler†	Perskor	Afrikaans	38,780	65,031
Evening publication				
The Star	Argus	English	177,200	183,794
Vaderland	Perskor	Afrikaans	36,007	60,222

** Figures for The Citizen are for July-Dec, 1977. † Transferred to Pretoria this month.*

UK COMPANY NEWS

Glynwed falls to £13.7m as overseas profits tumble

A GAIN in UK trading profits achieved by Glynwed International in 1982 has been more than offset by a drop in the overseas contribution and the total for the year emerged lower at £23.75m against £24.78m. The UK trading profit rose from £12.64m to £17.68m and the overseas profit fell from £12.14m to £6.07m.

After interest charges almost doubled from £5.7m to £10m, pre-tax profits for the year to December 25 1982 fell by £5.5m to £13.73m. Turnover of this *engineering and building* products group moved ahead from £368.06m to £444.3m.

At the halfway stage—when profits were ahead at £6.46m (£6.28m)—the directors predicted that second half profits would exceed those of the first. But they said that unless there was a *marked improvement* in the economic situations of South Africa and the U.S. it would be difficult to match profits for 1981.

The final dividend has been held at 4.9p net which maintains the total at 7.35p. Earnings per 25p share were shown as slipping *from* 18.53p to 14.58p on a *net* basis and *from* 20.62p to 19.49p on a nil basis.

In their interim statement the directors also pointed out that interest charges had risen by £2m, some of which concerned the Durapipe acquisition towards the end of 1981—most of the rest related to overseas investments.

A breakdown of trading profit for the year by division shows: UK—building and consumer products £8.41m (£7.86m); steel and engineering £8.08m (£5.35m); stockholding and distribution £1.06m (loss £704,000); other divisions and trading companies £176,000 (£135,000); overseas operations—household and industrial appliances £5.77m (£9.23m); steel and engineering £300,000 (£2.91m).

Pre-tax profits were struck after interest, and associate losses of £16,000 against previous profits of £157,000.

Tax amounted to £2.26m (£5.72m). Minorities took £595,000 (£1.34m) and there were extraordinary debits this time of £3.53m, leaving attributable profits down from £12.17m to £7.35m.

On a current cost basis pre-tax profits were reduced to £7.26m (£14.09m) and net earnings per share were 6.85p (11.42p).

See Lex

HIGHLIGHTS

Lex looks at the results of three major companies which reported yesterday. A poor performance overseas coupled with a sharp rise in interest charges left the pre-tax profits of **Glynwed** down from £19.2m to £15.7m for the full year. The column moves on to **Delta Group** where taxable profits have moved ahead by £1.8m to £14.5m thanks to a good year at home which offset the dull ride from outside the UK, especially in Africa. Mail order group **Freemans** reported a 51 per cent drop in full year profits to £6.4m and Lex assesses the company's position for the coming year. Finally the column briefly comments on the joint venture set up by **Lucas** and **Smith Industries** and its prospects for further growth through the 1980s.

Midland sees 'favourable trend'

SIR DONALD BARRON, chairman of *Midland Bank* tells shareholders in his annual statement that the group's objective is to ensure that its assets are profitably rewarded, that its costs are firmly controlled and that, with its wide geographic spread, it gives the best possible service to its many millions of customers.

"The laying of the foundation for our strategy had the effect of creating a profits and earning plateau during 1980 and 1981; our business plan is to move forward from the firm base we have now established. In the absence of unforeseen factors, the trend will continue to be favourable," Sir Donald says.

As reported on March 11, the group increased its pre-tax profits for 1982 by 8 per cent to £251.4m despite a £82.6m rise in bad debt provisions. The year's dividend was raised by 1.5p to 25.5p net on stated attributable earnings per £1 share of 85.8p (75.2p) *basic*.

On the international risk faced by the bank Sir Donald says: "It is not possible to be in the international banking business without risk, however careful the assessment.

"It has to be remembered, too, that these international loans were, to a large extent, the counterpart of the huge recycling of surplus income of oil producers over the past decade.

"If the international banking community had not acted as the agent for these transfers, a very serious imbalance would have arisen in the world's monetary system, and international trade, including very substantial exports by our customers, would have been greatly impeded."

And turning to the commercial risks Sir Donald tells shareholders: "The recession continues to claim victims both among our business and our personal customers.

"Our policy in dealing with customers who face problems is to assist in every way to help to overcome these, so long as there appears to be a viable business outcome. This has required the further development of banking management skills.

At the year end advances to customers amounted to £34bn (£27.6bn), and there were liquid assets of £6.66bn (£6.79bn) which included coin, bank notes, balances with central banks and gold of £1.47bn (£1.15bn) and money at call and short notice £4.79bn (£5.02bn). Customer current, deposit and other *accounts* came to £44.23bn (£37.75bn).

During the year there was an increase in working capital of £416.1m (£66.6m decrease) including a rise of £6.56bn (£4.09bn) in advances, instalment finance and leased assets.

Freemans hit by rising costs and bad debts

NO IMPROVEMENT has been shown by Freemans, the mail order business, in the second half of the year. The increase in sales was insufficient to offset the rise in costs and the bad debt has increased sharply for the second successive year.

Profit before tax for the second half came to £3.23m to make £6.38m for the year ended January 29 1983, compared with £13.08m previously. The dividend is held at 4.15p net per share with a final of 2.25p.

The shortfall in planned sales continued and "worsened somewhat" in the second half. By the end of the year sales had increased by 9 per cent to £318m including VAT. The rise in prices of the group's goods averaged 3½ per cent to 4 per cent throughout the year. Stock mark-downs were well above the previous year because of the disappointing sales.

Much has been done by the management during the past six months to improve profitability, not least in the area of credit control, and it is hoped that bad debt will show a significant reduction this year. At the end of January total borrowing had risen by £7m, representing 36 per cent of capital and reserves.

The first half profit was struck after charging interest of £2.32m (£2.06m). Tax takes £1.52m (£4.62m) and earnings are shown at 6.9p (12.1p) per share.

After a poor start to the current year demand has shown improvement in recent weeks, and at the seven weeks stage sales are slightly below last year.

It is impossible to predict whether and to what extent the improvement may continue, but what must be apparent is that the first half "looks particularly difficult."

There are a number of factors to favour the year. The drop in the general rate of inflation, a gradual rise in consumer spending, benefits from the measures taken internally to reduce costs and bad debt, a slowdown in the rise in borrowings and the significant lowering of interest rates.

The directors say it would be presumptuous to pretend that they could forecast the outcome of these varying factors, the biggest unknown being the level of sales likely to be achieved.

A large number of uneconomic agencies have been closed and new agent recruitment has been cut. By the end of January active agency strength was 600,000, equal to the previous year, but below the levels at which the company had been operating during the year. All these measures are making sales more difficult to achieve, the directors stress.

See Lex

UK profit upsurge keeps Delta ahead

AN upsurge of 126 per cent in UK profits more than offset a much lower overseas contribution at Delta Group, and for the year ended January 1 1983, this electrical equipment, fluid controls, metals and resources holding concern finished with £14.5m pre-tax, compared with a previous £12.7m.

The dividend is cut, however, from 3.64p to 3.4p net per 25p share with a reduced final distribution of 1.58p (1.82p).

As regards current trading conditions, demand in the UK for electrical equipment and fluid controls has maintained the improved levels evident in the latter part of 1982, with metals remaining depressed.

Directors say there is, as yet, little evidence of any general recovery in the UK economy and in addition prices in some areas have come under severe pressure. They add that there is no sign yet of any recovery in the Australian and South African economies.

At the interim stage group profits were ahead from £6.44m to £7.55m and although directors expected full-year figures to be higher than 1981, they said that trading conditions both at home and overseas were likely to remain difficult in the second half.

The directors say now that "*intense rationalisation*" continued throughout the 12 months, results of which showed through in a jump in UK trading profits from £7.6m to £17.2m, "though the level of profits was still inadequate."

The overseas contribution was well down at £11.2m (£18.1m) leaving profits, before interest and tax, at £28.37m (£25.72m).

Including inter-group sales, turnover amounted to £570m (£535m) and with profits, before interest and tax, were split as to: electrical equipment £227.18m (£212.7m) and £18.97m (£10.04m); fluid controls £141.56m (£123.35m) and £1.29m (£683,000 loss); metals £159.04m (£177.77m) and £2.1m (£4.83m); resources services £106.3m (£109.51m) and £6.01m (£11.53m); less related company sales £64.08m (£87.8m).

In a geographical analysis the profits were split as to: UK (£11.88m); Australia and SE £17.16m (£7.57m); Africa £5.95m Asia £3.4m (£4.21m); North and South America £1.24m (£1.55m); Western Europe £620,000 (£410,000).

The electrical equipment sector, the largest in the group, strengthened with an encouraging recovery as the year progressed from a long period of inadequate profits in the switchgear and accessories division, backed by a continued good performance by the cables division.

In the fluid controls segment the building products side comprising mainly plumbing products, "continued to grapple with the very tough conditions" but progress was made with loss-elimination and cost reduction, as was also the case in gas controls, directors state.

Rationalisation of the metals interests to produce a *smaller* but more effective proportion of the group's activities continued.

The overseas division was reorganised in October into a new resource services sector with the overseas related companies grouped as investments. The year started well, but by June recession had hit hard in Australia and South Africa, where most of the division's activities are based, and results in the second half year were poor.

Pre-tax profits were struck after rationalisation and redundancy costs of £4.5m (£3.7m) relating to continuing businesses, affected by a full provision against a bad debt of £1.3m.

Share of profits of associates contributed £4.44m (£6.28m) and interest charges took £13.84m, compared with £13.06m. Tax amounted to £9.86m, against £10.45m and minority interests were £320,000 (£890,000).

Preference payments took £10,000 (same), extraordinary *debits £1.32m (£980,000)*, and after ordinary dividends of £4.85m (£5.2m) there was a loss of £1.28m (£4.96m) which was covered by a transfer from reserves.

Earnings per share are shown as 3.4p (0.9p) and there was a £280,000 loss (£1.18m profit) from the metal side not included in the results.

On a CCA basis the pre-tax figure is reduced to £3.39m (£2.07m).

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Business Computers‡	1	—	1	1	1
Charterhouse Group	3.25	May 23	3	5.18	4.93
Delta Group	1.58	July 1	1.82	3.4	3.64
Early's of Witney	1	—	1.49	1.32	1.8
Freemans	2.25	June 6	2.25	4.15	4.15
Glynwed	4.9	July 7	4.9	7.35	7.35
Good Relations‡	2.1	May 16	—	3.5	
Jamesons Chocolates	3	—	3.6	5	4.6
Low & Bonar	3	June 9	2	5	7
Newman-Tonks ...... int.	1.65	May 19	1.65	—	5.1
Second City Props. int.	0.8	April 29	0.62	—	2.22
Southampton, IoW	6.5	—	5.5	9	7.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock.

Markheath £2m placing: capital restructure

BY CHRISTOPHER CAMERON-JONES

Markheath Securities, the property development company, is raising almost £2m by way of a placing and simplifying its capital structure. At the same time the directors and family holdings in the company are to be reduced to around 55 per cent by way of a vendor placing.

Yesterday the group, which a year ago become the first company to move from the Unlisted Securities Market to a full listing, turned in a pre-tax advance from £1.34m to £1.83m for 1982. Tax took £162,000 (nil).

Turnover was up from £5.13m to £9.22m with the main constituent being the sale of Solar House, New Barnet for £6.8m.

Under the capital reshaping £0.75m 54.6 per cent cumulative convertible preferred shares of 25p are to be converted to an equal number of ordinary shares. This will be followed by a one-for-two scrip issue. Together with the new shares in the placing this will take total shares in issue to 15.23m.

The placing involves the issue of 1.65m new ordinary shares at 121p and the net proceeds of £1.9m will be applied to reducing borrowings. Debt has risen sharply since the year end from £2.33m to £5.37m, compared with shareholders' funds of £4.6m, because of spending on site purchases.

Following the placing debt will be £3.5m and net tangible assets will be up 41 per cent to £6.5m.

Arrangements are in hand for Sheppards & Chase to buy from Mr P. A. Bobroff, the chairman and managing director, and Mr G. A. Springer, and a member of family Mrs C. A. Kakko, 1.39m new shares at the same price realising £1.68m.

A net second interim dividend of 7.3p is to be paid in lieu of final on the preferred shares compared with the 6.825p that otherwise would have been paid. The directors intend to pay a total of not less than 9.75p for the current year on the new capital. This effectively gives a 7.1 per cent increase on the payments that otherwise would have been payable on the preferred shares.

The group plans to complete construction of four developments comprising 186,000 sq ft in Southgate, Watford and Stratford, East London during 1983. The directors are confident that taxable profits this year will show "a significant increase" over 1982, but warn that owing to the timing of sales the company will show a first half loss.

Currently the group owns seven commercial development sites with planning permission and is purchasing a further site. Construction work on these sites is expected to be completed within the next two years.

• comment

Markheath Securities has made great complexity out of achieving simplicity. However, the changes can only be welcomed by anyone who had to analyse the shares under the existing terms for conversion of the quoted preferred shares. Approval for the changes and the performance was signalled by the market yesterday which raised shares 12p to a record 212p. This puts the discount on the placing price at around 15 per cent. The company claims to have sustained its strong growth in a depressed market by offering high quality products which are the work of an in-house team. It has even recorded some repeat business which gives a little more stable image to a developer that relies on mainly speculative ventures funded by short term bank finance. Without the cash generator of investment property it will have to continue to rely on its bankers and shareholders to fund a large part of its rapid growth, particularly in present trading conditions. The prospective yield is 10.2 per cent.

Southampton IoW climbs to £1.61m

Taxable profits of Southampton, Isle of Wight and South of England Royal Mail Steam Packet showed an advance from £1.05m to £1.61m for 1982, on turnover of £8.28m, against £7.19m. First-half pre-tax figures were ahead from £345,000 to £448,000.

The year's trading profits increased from £0.7m to £1.31m with the improvement mainly attributable to the resumption of normal working in the port of Southampton in 1982.

The company operates a passenger, cargo and mail service between the Isle of Wight and Southampton and is also engaged in the provision of other shipping and road haulage services, ship repair and general engineering.

The dividend for 1982 is being stepped up from 7.5p to 9p net per share, with a final of 6.5p (5.5p). Stated earnings per 50p share climbed from 15.11p to 23.04p, after tax of £819,000 (£535,000).

The pre-tax results were struck after a surplus of £12,000 (£57,000) on the disposal of fixed assets and investments, interest and dividends received of £282,000 (£310,000), and an associate's loss of £1,500 (£11,000).

Sharp drop for Manson Finance Trust

Difficult trading conditions have resulted in a sharp fall in pre-tax profits of Manson Finance Trust from £760,000 to £319,000 for the six months to December 31 1982.

Profits of the group—which has interests in banking, property and mortgages and financial services — were also affected by the average base lending rate over the period having shown a 3 per cent drop compared with the same six months of 1981.

The net interim dividend is being cut from 1.5p to 0.5p while stated earnings per 20p share dropped from 1.9p to 1.3p. Last year's total payment was 2p on taxable profits of £1.39m.

Interest and charges receivable for the six months increased from £3.6m to £4.14m. The tax charge was lower at £73,000 (£395,000) and after extraordinary credits of £8,000 (£293,000 debits) available profits came out ahead at £254,000, against £67,000 after a £5,000 minority interest.

UK COMPANY NEWS

Better trend at Low & Bonar

COMPARED with just £64,000 in the first six months, against £1.7m, second half pre-tax profits of Low & Bonar, packaging, engineering, textiles and travel group, were well ahead at £3.46m, but the £3.53m total, for the year ended November 30 1982, was down on the £5.1m for the 1980-81 year.

A final dividend of 3p (2p) net per 50p share brings the total to 5p, compared with 7p and sales for the 12 months increased from £166.1m to £173.57m.

All four of the group's divisions improved considerably over the first half of the year, and all regions, except North America, have done better, the directors state.

The Flotex carpeting subsidiary swung back into "consistent profit" after earlier technical problems with new plant. Seasonal factors are also seen to play a part, with both packagaing and travel benefiting in the second six months.

Commenting on the results Mr Brian Gilbert, chief executive, says that one of the satisfactory aspects of the second half—compared with the first—"is that the major technical problems which affected Bonar and Flotex have been overcome and that this company has made worthwhile profits each month since August 1982."

An analysis of the year's turnover and profits shows: packaging £80.27m (£72.13m) and £859,000 (£1.41m); engineering £48.44m (£49.57m) and £1.12m (£59,000); textiles £49.78m (£50.4m) and £3.19m (£4.84m); travel £6.02m (£5.69m) and £298,000 loss (£541,000 profit). Parent company interest and charges not otherwise allocated £1.34m (£1.76m).

A geographical analysis of the same figures shows: UK/Europe £86.93m (£96.67m) and £301,000 (£1.61m); North America £51.79m (£42.77m) and £286,000 (£933,000); Africa £38m (£33.57m) and £4.51m (£4.65m); Pacific £7.79m (£4.77m) and £223,000 loss (£239,000 loss).

Pre-tax figure included associate earnings of £1.08m against £713,000. Tax charge, made up of UK and overseas, took £2.78m (£2.65m) and minority interests debited £446,000 (£531,000).

After an extraordinary debit of £2.97m (£171,000 credit) there was a loss of £2.67m (£2.08m profit).

Directors say that the higher than forecast cost of extraordinary items arose from a decision to accelerate the restructuring, cost cutting and loss elimination programmes. They add that substantial extarordinary profits should arise in the future from disposals of surplus assets.

Dividends will absorb £714,000 (£993,000) leaving the loss for the year at £3.38m (£1.09m profit). Earnings per share are shown at 2.01p (13.62p).

● comment

After a disastrous first half, Low & Bonar managed to pull itself up by its bootstraps in the year's second half, mainly through a turn-around in the UK operations. The increase in the final dividend, after a hefty cut in the payout at mid-year, sparked a rush of optimism which sent the share price up 16p to 90p for a yield of 8.2 per cent. That rating is considerably better than the share has enjoyed for some months. But the market may have overdone its optimism. The group was dependent on its African operations for 92.5 per cent of overall operating profit last year, something which has given rise to a burdensome ACT problem. The Budget's review of the ACT situation should provide considerable relief for Low & Bonar, but this will only be felt in financial 1984. Meanwhile the important profit contribution of the African interests could slump dramatically in the current year as exchange control difficulties and depressed commodity prices continue to take their toll. The heavy costs of closures and rationalisation are now largely over, but Low & Bonar badly needs a strong recovery in its UK operations if it is to make its way back to the profit levels of 1980. That seems unlikely this year.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—LWT, Park Place Investments.

Finals—American Trust, Booker McConnell, Bowater, British Aerospace, Bunzl, Cape Industries, Dufay Bitumastic, Estates and General Investments, Exco International, IMI, Kleinwort Benson Lonsdale, Macfarlane (Clansman), Mallinson, Molins, Montagu Boston Investment Trust, Reckitt and Colman, Rohan, Superdrug Stores, Vosper, W. W. Group.

FUTURE DATES

Interims:—	
Emess Lighting	†Apr 12
Kent (M. P.)	Apr 14
Finals:—	
Aquascutum	Apr 21
Ash and Lacy	Apr 14
Desoutter Bros.	Mar 31
Dreamland Electrical Appliances	Apr 7
Feb International	Apr 18
Fothergill and Harvey	Apr 8
Heatair	Apr 14
Na-Swift Industries	Mar 31
Pearl Assurance	Apr 13
Phoenix Assurance	Apr 8
RMC	Apr 20
Shama Ware	Apr 5
Shiloh	Apr 5
Sumner (Francis)	Apr 7
Thurgar Bardex	Mar 31
Trust Securities	Mar 30

† Corrected.

Charterhouse edges ahead to £22.9m

WITH second-half figures showing an improvement from a restated £12.26m to £13.07m, Charterhouse Group, the investment and banking concern, ended 1982 with pre-tax profits marginally ahead at £22.86m, against £22.59m previously.

Earnings per 25p share, however, rose from 7.12p to 9.19p, largely as a result of a lower tax charge of £6.6m (£11.31m), reflecting both a reduction of highly taxed profits from oil and overseas investments and the group's continuing ability to make use of available tax losses.

After an unchanged interim dividend, the final is raised from 3p to 3.25p net for a higher total payment of 5.178p (4.925p).

Profits from investments in manufacturing companies rose substantially from £3.94m to £7.72m. The figures reflected good results from the Newage companies, a first time contribution from Coloroll and a greatly improved performance by the Charcon companies.

Profits from companies in service industries advanced from £4.59m to £5.46m, following further investment in P. J. Burke (civil engineering contractor) and continued growth from the French pharmaceutical services company, Groupe Expand.

Oil exploration and production profits fell from £4.89m to £3.68m. On September 14, 1982, the group reduced its holding in Charterhouse Petroleum from 48.4 per cent to 19.5 per cent and accordingly, from that date, it ceased to equity account the results of that company.

Charterhouse Japhet, the group's banking subsidiary, reported a significant increase in its disclosed profit from £5.98m to £7.47m — after transfer to inner reserve. The corporate finance department was particularly active and was involved in initiating and leading the UK institutions' acquisition of F. W. Woolworth.

Although development capital profits dropped from £13.31m to £9.72m, results would have been in line with the previous year but it was deemed prudent to provide against a debt arising from the sale of an investment. Profits were helped by the continuing success of operations in the U.S.

The group's continuing active investment policy resulted in new investment in 1982 of £44m in 28 companies in the UK, the U.S., Canada and France — £37m having been received from realisations.

Unallocated central costs for the year were up by £0.3m to £1.8m, while interest payable rose from £8.61m to £9.39m. After tax and minority interests, profits before extraordinary items, came out ahead at £15.1m, compared with £10.96m.

Currency translation profits advanced from £1.55m to £2.92m and there were also extraordinary credits of £3.36m (£4.43m debits) arising from the sale of Napeolour and shares in Charterhouse Petroleum.

After deducting £8.74m (£7.69m) for the cost of dividends, the retained surplus emerged at £12.63m, against £0.39m.

● comment

There is something rather quaint about a company which indulges in the practice of undisclosed transfers to inner reserves, proudly proclaiming that "profit after tax increased by 38 per cent." For profit read disclosed profit. The sharp increase in revenue from manufacturing investments, combined with the state of the new issue equity market must be tempting Charterhouse to contemplate some float-offs à la Spring Grove. The £17m sell-off of 23m shares in Charterhouse Petroleum was clearly good for the balance sheet—gearing has fallen below 50 per cent—and the company claims it has no regrets, despite the budget's help to oil exploration companies. Charterhouse says it is "prudent" to provide against a debt arising from the sale of an investment. It would have been even more prudent if the company had not included the yet-to-be-received profits from that sale in the 1981 figures. Despite the increase in the final payout Charterhouse insists that its chief aim is to improve its cover. Clearly it would like to say farewell to the days of being regarded primarily as an income stock. But at 93p unchanged, the yield is still over 8 per cent.

Good Relations profits jump 90%

SECOND-HALF pre-tax profits of Good Relations Group, public relations consultancy concern, jumped from £150,000 to £297,000 and lifted the full 1982 figure to £500,000, a 90 per cent expansion over the £263,000 for 1981.

Progress made during the 12 months to December 31 last by this Unlisted Securities Market company was achieved as a result of the group's ability to meet the demands of an increasingly diverse and specialised market, the directors state.

They add that trading in the second half was particularly strong and has continued to be satisfactory in the first quarter of 1983.

A final dividend of 2.1p makes a total of 3.5p net per 10p share for the period. This is compared with a forecast of 2.5p made at the time of the placing in December 1981. The directors also propose a one-for-two scrip issue.

Turnover expanded by 31 per cent from £2.59m to £3.4m and the pre-tax figure included investment and other income of £140,000, against £27,000.

After tax of £255,000 (£134,000) earnings per share are shown as 7.3p (5.3p).

A number of important new clients wer acquired in the first three months of the current year to bring the total of retained clients to 70, against 60 at the same time last year. "It is therefore anticipated that the current year will show a satisfactory result," directors say.

Directors will be proposing, at the annual meeting, both executive share option scheme and a savings-related share option scheme.

Mr Tony Good, chairman, said later that he was involved in negotiations which could lead to the acquisition of another public relations company.

"It would not be a particularly large acquisition, and it would be our intention that the largest proportion of the price paid would be in shares," he stated.

"Obviously, I can't pretend we will continue to grow at this sort of rate but I am confident we will continue to get our fair share of the business," he said.

● comment

Unlike past experience companies are sustaining, or increasing, spending on agency public relations in the current recession. This is reflected in a 42 per cent jump to near £2m in fee billing at Good Relations with a substantial part coming from entirely new users of PR and greater use by existing clients. The rest of the turnover was generated from design and printing and financial advertising. Staff is rising at an average 15 per cent a year but higher productivity and tight management control allows a 31 per cent advance in turnover to translate to a 53 per cent trading increase. Indications are that there is no shortage of new business and to date bad debt provisions have always proved over generous—even in the case of De Lorean. The growing cash pile, if not depleted by a decision to purchase new premises, will leave scope for development and is a useful cushion in an industry where growth depends on the ability to recruit and retain good personnel along with their clients. Going public has strengthened Good Relations' hand in this regard. Yesterday the shares rose 17p to a peak 195p compared with the original placing price of 61p. While pre-tax profits are not expected to show a similar jump next time, a strong rise is likely: a confidence echoed by an historic fully taxed p/e at 26.8.

Overseas investment by Scottish Life

Scottish Life Assurance last year invested over one quarter of the £47m of new money available for investment in North American equities and a further 9 per cent in Far Eastern equities.

This meant that at the end of 1982, North American equities accounted for 10 per cent of the total investment portfolio of £605m and Far Eastern equities a further 3 per cent.

Mr J. A. Eddison, in his chairman's report for 1982 rejects attacks made that institutions investing overseas are starving British industry of much-needed capital. He accuses these attackers of confusing between portfolio and physical investment.

He points out that the two come together only when industrial companies raise new capital for the purchase of fixed assets or stock, and there was no evidence that any viable company wishing to raise money had failed to do so through lack of institutional support.

Scottish Life participated in many of the new issues made but found that demand fell short of the money available.

Scottish Life in investing abroad was exercising its proper responsibilities to policyholders by seeking the best returns and reducing risk by diversification.

The company invested just 4 per cent of its new money in UK equities last year, but put 20 per cent into property and one-third in fixed-interest securities to match its guaranteed liabilities.

Total funds of Scottish Life rose by more than £80m last year to £487m at the end of 1982. Premium income declined by over 11 per cent from £75.7m to £67.3m from a drop by half in single premiums. Investment income climbed 15 per cent from £38.2m to £44m, while claim payments were one-third higher at £44.1m.

Mr Eddison referred to the report by Professor Jim Gower on investor protection and argued that it would be a mistake to distinguish between supervisionary requirements of linked and traditional life policies. But he held the view, contrary to Professor Gower that the life assurance industry was adequately supervised.

RESULTS AND ACCOUNTS IN BRIEF

MUNICIPAL PROPERTIES — Dividend for 1982 was 9.07p (8.25p) net. Turnover — rents receivable — £381,500 (£327,620). Tax £161,200 (£139,274), attributable profit £142,458 (£130,636). Earnings per 50p share 29.44 (26.99p). Pre-tax surplus £85,928 (£62,574), arising on sales of property by dealing subsidiary, including in profit. Surplus of £321,3?6 (£247,076), net of tax, on sales of property and investments, credited to reserves as in previous years. Current valuation of properties £7.09m and £2.74m cost (£5.84m and £2.18m cost).

RELYON GROUP (mattress and divan maker)—For 1982: final dividend 2.75p net (2.708p adjusted for scrip) per 25p share making 4.42p (4.375p adjusted): sales £12.96m (£13.25m): pre-tax profits £1.66m (£1.9m): tax £818,000 (£904,000): atributable profits £841,000 (£898,000).

WESTMINSTER AND COUNTY PROPERTIES—Pre-tax profits for half year to October 31 1982 were £246,000 (£215,000). Turnover £1.39m (£1.54m). Interest charges £328,000 (£228,000): rental surplus £241,000 (£206,000): surplus on sales £333,000 (£238,000). Tax £32,000 (£28,000). Earnings per 25p share 8.4p (5.6p): interim dividend 2.25p (2p) net, costing £75,000 (£66,000). Retained £139,000 (£121,000).

MACALLAN-GLENLIVET (malt whisky distiller)—Results for 12 months to December 31 1982: turnover £3.51m (£5.46m for previous 17 months period): pre-tax profits £503,000 (£657,000) after charging interest £533,000 (£809,000), leasing rentals £172,000 (£228,000) and depreciation £200,000 (£264,000). After-tax profits £439,000 (£578,000): earnings per 25p share 22.4p (28.5p): final dividend 4.9p net for total 7.15p (9.2011p for 17 months). Board says dividend increase is an expression of confidence in the longer term future.

NOBLE AND LUND (engineer and machine tool maker)—Pre-tax profit for 1982 was £69,402 (£35,481 loss). Turnover £2.02m (£1.34m): Interest received £32,370 (£43,575): tax charge £7,985 (£20,661). Earnings per 10p share 1.07p (0.98p loss). Final dividend 0.175p net making total 0.35p (nil). Chairman is unable to make any forecast of results for current year.

CLIFFORDS DAIRIES—For 1982: final dividend 3.6p net (3.5p) per 25p share making 5.4p (5p): stated earnings per share 16.68p (20.13p): sales £61.36m (£55.89m): pre-tax profits £2.78m (£3.3m): tax £391,000 (£852,000).

BIDS AND DEALS

Ray Maughan looks at Charter's takeover of Anderson Strathclyde

Trump cards take every trick

ON MAY 27 1980 the broking firm of Rowe and Pitman went into the stock market and purchased 10m Anderson Strathclyde at 92p. That gave its client, the industrial investment and mining finance group, Charter Consolidated a 28.4 per cent stake in the coal face equipment manufacturer.

On March 25 1983 Rowe and Pitman went into the stock market again. Once more it was buying Anderson Strathclyde shares on behalf of its client, Charter Consolidated.

Rowe and Pitman has developed an enviable reputation in market operations of this kind. Once, in the days of the so-called "dawn raid," its early morning cold canvas hardly missed; businesses changed hands if not before breakfast, certainly before mid-morning coffee.

Yet the rules on dawn raids have tightened and Rowe and Pitman knew that as well as any other firm.

On the morning of March 25, its institutional teams were instructed to ring clients they knew to hold Anderson shares and let them know that Charter was preparing to offer an effective price of 199½p—to give the jobbers something—but the pitch was not to be driven home too hard.

Even Rowe and Pitman was somewhat surprised at the success of its telephone round. Within an hour, two no more, Anderson Strathclyde was in Charter's hands.

It had been clear from early in the New Year when Charter was permitted to re-open its earlier bid for Anderson that the coal equipment manufacturer was going to go—if the bidder came up with acceptable terms.

The first bid was pitched at 135p. That was last spring when Anderson was valued at £64m.

Much has changed over the intervening months. A long Monopolies Commission enquiry recommended against the deal for reasons which had something to do with Anderson's prominent position in the Scottish manufacturing economy, and very much more to do with the group's position as a substantial employer an exporter operating in an otherwise depressed regional area. The issue had far more to do with industrial regeneration in run-down regions—any region—than Tartan nationalism.

When it came to the crunch, the Secretary of State for Trade, Lord Cockfield ruled himself out of any decision in view of his miniscule holding in Charter. He delegated the ruling to Mr Peter Rees, the Minister for Trade. Mr Rees, a barrister by training and known to his staff for his ability to take a brief very quickly, overturned the Monopolies Commission. Charter could take another shie at a target which had suddenly become a very sensitive subject indeed.

The new bid, when it came out, was pitched at 200p per share, or £95m in total, and Charter was able to buy one or two more percentage points of Anderson's equity.

That looked fair enough, depending on shareholders' views as to the future of the international coal equipment market. The prognosis generally was that the level of orders would be dropping quite significantly in this year and next, particularly in the U.S. and for National Coal Board customers, and certain fund managers indicated privately that 200p was quite good enough for them.

Anderson, however, still had time to go on the offensive. Its defence document may be reckoned to be one of the most robust of its kind. Its core was the forecast that Anderson would make £15.5m in the year to March 31, 1983 against pre-tax profits of £11.3m previously. Nothing specific was said about the following year but the outlook was said to be good.

As recently as last Thursday, the general City consensus was that Charter had made a solid cash bid but the big funds had learned enough from earlier dawn raids to hold out for the full term of the offer. Last Thursday, the funds knew, was just the first closing date of the offer; a bid has a full 60 days to run before expiry.

However, Charter had two trumps in its hand. It was aware that Anderson's shares were concentrated in a very few hands and it suspected that a firm announcement that 200p was the top price would possibly flush those holders out. The trumps were laid and, to Charter's possible surprise, they proceeded to take every other important trick.

The funds which had bought Anderson shares speculatively between about 155p and 165p when the bid was waved through by the Government sold out quickly. Anderson was quite prepared for the arbitrageurs' sudden desertion but it was totally unprepared for the action of its largest shareholder.

The Kuwait Investment Office had been a shareholder in the Glasgow-based coal equipment group for several years, at least a decade. Like Mr Ian Little, the chief executive of Anderson, the KIO is run by Scottish chartered accountants and both sides reckoned to know each other rather well. Yet Anderson was never given a chance to ay how well it would do in the year to March 1984 let alone outline its interim profits to next September.

Perhaps the secretive KIO, having made up its mind that 200p was the bet offer available, was afraid that Charter would suddenly withdraw its bid. It cannot have been unaware that the coal machinery outlook was flat or worse and some of the more cold-blooded engineering analysts in the City had scaled down their 1983-84 forecasts to about £9m pre-tax. The new U.S. business, National Mine Service, was losing money and would bear heavy interest charges. Whatever the case, Anderson was effectively sold last Friday morning. The KIO had sold its 10.3 per cent holding.

The response from Anderson was one of "bitter disappointment." For Rowe and Pitman, last Friday's action was a "good piece of broking" which earned a healthy commission.

Perhaps the last comment should go to a manager of a very large fund, responsible to British policyholders, who was no more than marginally involved as a shareholder in this case.

If his view are in any way mirrored by his institutional peers then it is unlikely that funds investing on behalf of purely domestic interests would have accepted Charter's terms last week. Acknowledging Anderson's status as one of the key suppliers to the National Coal Board, the fund manager said "we usually give the defending board as much chance as possible."

In this instance, he said, "we were only a tiddler. We have to keep our head down and pray for better times."

BELLAIR COSMETICS

Fenton Hill Group has confirmed that talks, which may lead to the sale of its controlling interest in Bellair Cosmetics are continuing with various interested parties.

CAPITAL & COUNTIES

Capital and Counties has sold 34, Old Queen Street to the W. H. Smith Pension Trust for £1.25m.

The whole property is leased to Ferguson Industrial Holdings for 25 years at a rent of £67,500 per annum, subject to five-yearly reviews.

Pennine Commercial has £8.7m deficiency

Pennine Commercial Holdings, Manchester-based travel, motor and estate development group, had an estimated net deficit on share capital and reserves of £8.65m at November 30 1982, according to the offer document from the newly-formed Edenspring group.

Pennine also suffered a loss of £2.48m in the year ended February 28 1982, the document revealed.

The company has faced a major crisis following the collapse of a large creditor, the Isle of Man-based Savings and Investment Bank in June last year. Mr Temple Melville, the newly appointed managing director, recently detailed plans for the financial reconstruction of Pennine.

The company's auditors, Binder Hamlyn, qualified its accounts, stating that it had breached certain conditions attached to loan stock because the losses ment its capital and reserves were insufficient to support borrowing limits.

The auditors said they had not received evidence as to the title to certain properties valued at £886,000 nor were they satisfied as to value attributed to properties amounting to £200,000.

Provision had not been made for the depreciation of certain properties but this departure from standard accounting practice did not have a material effect on the results. Supplementary current cost accounts had not been prepared as required, they added.

Pennine said the Edenspring, which is to acquire Pennine, had reached an agreement with Amex to buy Pennine's indebtedness to Amex, amounting to £898,000, for £550,000.

Pennine also revealed details of the settlement reached with airline creditors from which it bought, leased or hired four aircraft.

It has reached a settlement worth £45,000 each to Greyhound Equipment Finance, British Caledonian Airways and British Air Ferries Group (BAF) to meet an aggregate claim of £2.3m. It has also mortgaged a site in West Yorkshire to BAF.

A comparable settlement has been reached with British Aerospace to meet a claim of £2.7m, Pennine added.

KCA SCHEME

The oil interests of KCA International will be taken over by a new publicly-listed company called Newco under the restructuring programme announced last month by KCA chairman, Mr Paul Bristol.

Newco will hold all the shares of KCA Drilling as well as those of BW Mud and certain other related assets and liabilities, KCA announced yesterday.

The shareholders of Newco will be the present members of KCA International and the public shareholders of KCA Drilling. Mr Bristol will acquire the group's non-oil operations.

Discussions are proceeding satisfactorily but tax and Court approval for the scheme as well as the agreement of bankers and major creditors is required. Documents and audited accounts for the two KCA companies should be available in early May.

Japanese acquire 47% of UK money broker

Tullett & Riley International, the largest of the few remaining private firms in the London money-broking community, has formed a close business association with The Tokyo Forex company, with the Japanese company taking a 47 per cent stake in the UK money broker.

At the same time London Trust has entered into an agreement to sell its 25 per cent holding in Tullett & Riley to Tokyo Forex for £4m. London Trust exercised its option to take up the 25 per cent stake in Tullett & Riley in June 1982 for £3.07m.

Tokyo Forex will also purchase shares from certain Tullett & Riley principals, and an exchange of shares has been arranged whereby Forex will acquire a total of 47 per cent of Tullett and the latter 15 per cent of Forex.

The Bank of England has confirmed that the UK "recognised broker" status of Tullett & Riley International will not be affected by the transaction.

Tullett & Riley will change its name to Tullett & Tokyo Forex International. Forex will appoint one full-time director and two part-time directors to the board of this company and Tullett & Riley will appoint one director to the board of Forex. There will also be an exchange of brokers between Forex and Tullett & Riley. Tokyo Tanshai, previously a major shareholder in Forex, no longer retains a shareholding in the restructured Forex.

In Singapore, an understanding has been reached in principle to set up a new company between Degani, Tullett & Riley (Singapore), an associate company of Tullett & Riley International, and K-T Forex, an associate company of Tokyo Forex. Details of the new deal are to be announced shortly.

Both groups said yesterday that the merger will be of great benefit and allow them to expand their business. Forex will have access to London and the major international financial centres through Tullett & Riley's international network. Tullett & Riley said that it considerably strengthens its presence in the Far East and leaves it "well placed to take advantage of the internationalisation of the Tokyo market."

London Trust said yesterday that its disposal enabled it to realise "a substantial profit on an investment acquired only last June. Tullett & Riley was not contemplating a listing for some time and the deal will release funds for reinvestment which to date have not been generating dividend income.

"Our relationship with the Tullett & Riley board has been most cordial, but they had their own ideas for international expansion confined to their specific field of endeavour.

Leisure Industries shares rise 38p on bid talks

The shares of Leisure Industries Group, rose 38 p to 300p yesterday following an announcement that the company is holding discussions which might lead to a bid.

Leisure Industries, which makes snooker tables and toys, said it would make a further announcement as soon as possible. The sharp price rise gave the USM-quoted company a market capitalisation of £6m.

It announced a £33,000 increase in pre-tax profits to £272,000 in the six months ended September 30 1982 on turnover £1m higher at £3.1m.

Leisure recently began a move up-market, doubling the top retail price of its snooker tables to £700, and launched a new keep-fit range of products called "Shape Up."

BASE LENDING RATES

A.B.N. Bank	10½%	■ Guinness Mahon	10½%
Al Baraka International	10½%	■ Hambros Bank	10½%
Allied Irish Bank	10½%	Heritable & Gen. Trust	10½%
Amro Bank	10½%	■ Hill Samuel	§10½%
Henry Ansbacher	10½%	C. Hoare & Co.	†10½%
Arbuthnot Latham	10½%	Hongkong & Shanghai	10½%
Armco Trust Ltd.	10½%	Kingsnorth Trust Ltd.	12 %
Associates Cap. Corp.	11 %	Knowsley & Co. Ltd.	11 %
Banco de Bilbao	10½%	Lloyds Bank	10½%
Bank Hapoalim BM	10½%	Mallinhall Limited	10½%
BCCI	10½%	Edward Manson & Co.	11 %
Bank of Ireland	10½%	Midland Bank	10½%
Bank Leumi (UK) plc	10½%	■ Morgan Grenfell	10½%
Bank of Cyprus	10½%	National Westminster	10½%
Bank Street Sec. Ltd.	10½%	Norwich Gen. Tst	10½%
Banque Belge Ltd.	10½%	P. S. Refson & Co.	10½%
Banque du Rhone	11½%	Royal Trust Co. Canada	10½%
Barclays Bank	10½%	Roxburghe Guarantee	11 %
Beneficial Trust Ltd.	11½%	Slavenburg's Bank	10½%
Bremar Holdings Ltd.	11½%	Standard Chartered	‖10½%
Brit. Bank of Mid. East	10½%	Trade Dev. Bank	10½%
■ Brown Shipley	11 %	Trustee Savings Bank	10½%
Canada Perm't Trust	11 %	TCB	10½%
Castle Court Trust Ltd.	11 %	United Bank of Kuwait	10½%
Cayzer Ltd.	10½%	Volkskas Intl. Ltd.	10½%
Cedar Holdings	11 %	Westpac Banking Corp.	10½%
■ Charterhouse Japhet	10½%	Whiteaway Laidlaw	11 %
Choulartons	11½%	Williams & Glyn's	10½%
Citibank Savings	¶10 %	Wintrust Secs. Ltd.	10½%
Clydesdale Bank	10½%	Yorkshire Bank	10½%
C. E. Coates	11 %		
Comm. Bk. of N. East	10½%		
Consolidated Credits	11 %		
Co-operative Bank	*10½%		
The Cyprus Popular Bk	10½%		
Duncan Lawrie	10½%		
E. T. Trust	11½%		
Exeter Trust Ltd.	11½%		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13 %		
Robert Fraser	11½%		
Grindlays Bank	‡10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.5%; 1-month 7.75%. Short-term £8,000/12-months 10.1%.
† 7-day deposits on sums of: under £10,000 7½%, £10,000 up to £50,000 8½%, £50,000 and over 9%.
‡ Call deposits £1,000 and over 7½%.
§ 21-day deposits over £1,000 8½%.
‖ Demand deposits 7½%.
¶ Mortgage base rate.

UK COMPANY NEWS

MINING NEWS

The base metal miners take a cautious line

BY KENNETH MARSTON, MINING EDITOR

WHILE ECONOMIC and other indicators point to a gathering recovery in the U.S. and the UK, the base metal producers take a cautious view of things. Canada's No 2 in the nickel business, **Falconbridge**, expects "stiff competition" for years to come.

This is the result of the past decade's increase in the number of nickel producers and a considerable rednction in the annual growth rate of nickel consumption, reports John Soganich from Toronto.

By the fourth quarter of last year the nickel producers were selling their metal at prices which, in real terms, were the lowest for more than 30 years. Average prices received by Falconbridge in 1962 fell 24 per cent to U.S.$3.36 per pound for refined nickel products and dropped 28 per cent to U.S.$2.15 in the case of ferronickel.

Meanwhile, Inco, the No. 1 in nickel, is making a further offering of 6m shares at a price of U.S.$12.875 (£8.80) in order to reduce bank borrowings and for other genreal corporate purposes. This follows an offering of 6m shares in November and 6.9m shares in May of last year which between them raised U.S.$125m (£85.6m).

In the case of copper, the **Rio Tinto-Zinc** group's copper and gold-producing **Bougainville** in Papua New Guinea expects 1983 to be another difficult year with no significant improvement in copper prices until the second half. It expects the recovery to be slower than was previously predicted.

The industry still retains its faith in the longer term, of course, and the Canadian Northgate minerals, oil and gas exploration and production group is hoping that investors feel the same way. It is aiming to raise C$15m-C$20m (£8.4m-£11.2m) via an issue of common shares and share purchase warrants.

A preliminary prospectus has been filed regarding the issue which will be underwritten by a group led by two leading Canadian brokers, Woody Gundy and Burns Fry. The new funds will be used initially to reduce debt and, over the longer term, to finance an expansion at the company's Chibougamau, Quebec, gold-copper mines.

A more ambitious raising of C$153m (£85.4m) via the equity market is proposed by Canada's **Placer Development** natural resource group. It is offering 6m common shares and 3m common share purchase warrants in the form of units at C$25.50 (£14.23) comprising one share and one-half purchase warrant.

Each full warrant will entitle the holder to purchase a share at C$28.50 up to end-September 1986.

Noranda Mines, which owns about 32.8 per cent of Placer, intends to purchase 960,000 units, leaving it with a stake of some 30.5 per cent of Placer.

Placer says that it will use the new funds to take advantage of iovestment opportunities as they arise, reduce bank debt and finance working capital requirements.

Shares of De Beers were little changed yesterday at 503p following news that the Central Selling Organisation is to raise prices of rough (uncut) gems by an overall 3½ per cent as from April 5. The move had been discounted by rumours circulating on Friday.

Minerals and Resources Corporation (Minorco), however, dropped 11p to 742p on the half-year loss of R13.23m (£8.29m). This was despite the major Anglo American group investment company's forecast that for the full year there will be a profit matching that of 1981-82 and that the dividend total should be maintained.

Business Computers moves ahead

A better second half enabled **Business Computers Systems** to raise 1982 pre-tax profits from £427,000 to £510,000, on turnover of £7.5m, against £6.24m. At halfway, taxable figures were £27,000 lower at £104,000.

The board considers the year's profits — which were in line with budgets — to be satisfactory in the light of higher dollar costs for some equipment. The current order book for 1983 stands above the level of this time last year.

During April the company — whose shares are traded on the USM — is launching a new range of multi-tasking personal compnters for which considerable sales are expected, particularly through the dealer network.

After an increased tax charge of £150,000 (£38,000) net profits were lower at £360,000, compared with £389,000 which was before debiting an extraordinary item of £76,000 for share issue and placing costs.

Stated earnings per 10p share slipped from 6.6p to 6.1p, but the dividend is maintained at 1p net, costing £36,000 (£37,000) after waivers of £23,000 (£22,000).

Amalgamated Estates loss up to £0.62m

MAINLY AS a result of consolidating its share of a former subsidiary's loss, **Amalgamated Estates** reports an increases in the group loss from £410,700 to £623,961 for the half year ended September 30 1982.

The company concerned is HTN, the parent of Hotel Television Network, which in the period lost £162,704, being £256,900 less attributable to minority £94,196. Apart from HTN, the Amalgamated Estates group is involved in property dealing and investment.

In December 1982, the company sold the major part of its shareholding in HTN as part of a plan to place the finances of that company on a firmer foundation.

Since then this has been achieved by HTN having a rights issue underwritten, putting HTN in a position to repay loans in excess of £220,000.

After the sale of shares in December the company owned 10 per cent of the equity of HTN. Following the rights issue, this shareholding will be diluted to 5 per cent. Results of HTN will not be consolidated for periods subsequent to December 1982 and in future principal activity of the group will be in property.

Midway rise for Newman-Tonks

INCLUDING A contribution from the American acquisition of last August, trading profits of the **Newman-Tonks Group** of metal hardware manufacturers rose from £925,000 to £1,148,000 in the six months ended January 31 1983.

The increase is mainly organic and although the general trading patterns remain competitive in most companies in the group, the company has benefited from the rationalisation programmes carried out during the last few years and will benefit further from those now planned.

An interim dividend of 1.65p is declared, as forecast, on the capital increased by the acquisition of Jeavons Engineering. The total is expected to be held at 5.1p.

The recent acquisition of Jeavons will strengthen the main core of the group. No figures therefrom are included in the half year figures, but merger accounting principles will be adopted in respect of the full year.

Monarch Hardware, the U.S. acquisition, will achieve budgeted profits for the year and it has introduced group products into America. Its contribution to the group half year profit is £229,000, less £128,000 for financing charges and group market development costs in the U.S.

After £118,000 trading losses of discontinued activities (£30,000 property sale surplus), the half year's pre-tax profit came to £1.03m, compared with £955,000 previously. Tax takes £161,000 (£175,000), minority losses absorb £20,000 (credit £30,000), and extraordinary charges this time £200,000, to leave the net attributable at £669,000 (£750,000). Earnings are shown at 4.52p (4.16p).

Extraordinary charges comprise £117,000 redundancy and severance payments attributable to relocation of activities, and £83,000 closure costs of discontinued activities.

The interim dividend costs £310,000 (same), plus £92,000 on the shares issued as consideration.

Eucalyptus Mills omits dividend as profits fall

IN AN extremely difficult year, trading profits of **Eucalyptus Pulp Mills** have been cut from £3.59m to £0.77m. And changing the method of dealing with unrealised exchange losses on long term foreign curency loans has virtually wiped out that, leaving a profit before tax of £38,848, against £3.42m in 1981.

The company, which operates through a subsidiary in Portugal, has decided not to pay a dividend for 1982. Earnings per 25p share were 3.6p, against 49.4p in 1981 when the payment was 6p net.

Provisions for unrealised exchange losses on long term foreign currency loans have been charged against trading profit, whereas in previous years they were treated as a deduction from reserves. Conversion of the escudo into sterling has been effected at Esc 142.3 in £1, compared with Esc 124.63 in 1981.

During the year the average dollar price per ton of pulp fell by some 30 per cent in the world market due to shrinking demand and excess supply. The price of raw materials increased sharply.

Borrowings had to be increased to provide more working capital, to meet the capital expenditure requirements of the mill re-equipment and afforestation programme.

At the end of the year capital employed totalled £14.3m, compared with £11.77m a year earlier. Shareholders' funds were £7.72m (£8.63m) and loans and other deferred liabilities came to £5.5m (£1.92m)

Oceonics

At an EGM of **Oceonics**, resolutions were passed increasing the authorised share capital from £1.7m to £3.5m, approving the proposed one for one capitalisation issue and approving the adoption of executive share option schemes.

87 companies wound up

Compulsory winding-up orders against 87 companies have been made by Mr Justice Vinelott in the High Court. They were:

ITP Universal (Holdings), A. D. Ely, Downsouth Products, Dovergrange, Deli Fresh, Al Nile Construction (UK), Jayvon Holdings (Manchester), Hatchbaks (Kingston), Mascom Systems.

Flooks Roofing (Birmingham), County Drinks, Gilmour (Contractors), Dial-A-Plumber (South London), Essex Insulations, Nestarose, Seco Haulage, Tavistock Car Sales, Merat Maritime.

Tru-View (Rentals), Redanhill, Grekbourne, Twin Valley Engineering Services, Ramayim, Milton Keynes Boatbuilders, Stanley Catering, Tangreed, Ringtrend, Victor Cinemas (R.S.W.) Entertainments.

D. Sullivan (Brickwork), Jimone Developments, Paper Rainbow Concessions, Sneatoncourt, Cash Homes (Hammersmith), Swindon International Express, John A. Teasdale, Alan Monro.

Stanbret, Chandler Electrical Services, Elderfield & Grane, Universal Prasentations, Philippa, Camway Trucking (UK), Sablegrove Builders Merchants.

Ayre Automobile Engineers, Gainsboro Packaging Co., Security Supplies (UK), Alfred Street and Co., Ingway, Thurcroft Door and Window Ceotre, Jones Jeans, Pole Properties, Boadicea International Travel Holdings.

Centremount, Vernon Park Music, Euro-Tourist Plan, Wedgecraft, Crofton Hotel, Cardenfield, True Investments, Temtex Printers.

First Mail Order, King Spedition, Mannerworth, Geoff Biggs (International), Mark Scheffell Supplies, Fashionglen, Rudkin Roofing, Goldforge.

Computalet, B. & B. Deliveries, Roben Construction, Gold Star Security Services (Kent), St Olaves Marina, Daga Music Group, Tripherd.

Rety, Atcost Structures, One Stop Shop, Redair Travel, Soogandh, Malharen.

Kaye and Grosvenor, Anglo-Universal Marketing Company, Dealgrove, Darefield Brothers (Wine), Walktrent, and Langford Scott and Partners.

Compulsory winding up orders made against Tribute Trading Company (March 21), Wilton Road Caterers (March 21), Telford Shower Centre (March 14), and Warrens Records (March 14) have been rescinded and the petitions dismissed by consent.

A compulsory order made against Mehta Fashions on March 21 was rescinded and the petition adjourned to April 25, with leave for a fresh petitioner to be substituted.

Cavwain wins fight against petition

Mr Jeffrey Port's Cavwain has finally secured the dismissal of a petition to have it compulsorily wound up, having survived three attempts.

By consent, Mr Justice Vinelott has dismissed the proceedings after counsel for the petitioner, Ronson Corporation, said the parties had reached terms.

Ronson, judgment creditor for US$1.16m (£763,428), was third in line, having been substituted as petitioner in February.

The petition proceedings last October were in the name of Car Hire (Hanover), which dropped out at the first hearing after being paid off.

Standard Chartered Bank, creditor for $3.02m (£1.76m), then carried on negotiations until February 14, when Ronson stepped into the breach as petitioners.

Altogether there have been hearings.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

Series		June Vol.	June Last	Sept. Vol.	Sept. Last	Dec. Vol.	Dec. Last	Stock
O/FL C	F.260	6	14	—	—	—	—	F.273.40
O/FL C	F.265	2	8.50	—	—	—	—	"
O/FL C	F.276	9	5.40	5	4.50	—	—	"
O/FL C	F.280	10	1.60	—	—	—	—	"
O/FL P	F.260	14	2.30	—	—	—	—	"
O/FL P	F.265	12	4.50	1	6	—	—	"
O/FL P	F.270	1	7	8	10.50	—	—	"
O/FL P	F.275	2	0	6	15.50	—	—	"
		May		Aug.		Nov.		
GOLD C	$400	33	30	—	—	—	—	$409.25
GOLD C	$425	70	16	0	36	10	60	"
GOLD C	$450	85	7	13	21	18	86	"
GOLD C	$475	15	5	35	16	—	—	"
GOLD C	$500	3	3.00	07	10	2	20.50	"
GOLD C	$550	40	1.50	1	7	5	12	"
GOLD P	$375	8	7	—	—	—	—	"
GOLD P	$400	5	14.90	—	—	6	25	"
GOLD P	$425	70	05	3	7	5	34.60	"
GOLD P	$475	2	82	—	27	—	—	"
18¼ NL 81 27-21								
C	F.127.50	20	5.80	—	—	—	—	F.133.50
C	F.130	00	3.40	—	—	—	—	"
C	F.135	610	0.40	50	1.80	4	2.40 A	"
C	F.140	10	0.10	—	—	13	0.80	"
P	F.126	—	—	3	0.80	—	—	"
P	F.107.50	00	0.40	30	1	—	—	"
P	F.130	26	0.70	—	—	—	—	"
P	F.135	342	2.40	—	—	—	—	"
10¼ NL 60 26-05								
P	F.112.50	10	6	—	—	—	—	F.114.10
11¼ NL 82 88-92								
C	F.115	700	1.30	—	—	—	—	F.118
P	F.118	4	1.50	—	—	—	—	"
10 NL 82 86-86								
C	F.107.80	30	3.40	—	—	—	—	F.111
7¾ NL 82-89-93								
C	F.100	3	1.30	—	—	—	—	F.100.30
C	F.102.50	103	0.30	—	—	000	1.60	"
P	F.102.50	60	.3	—	—	80	4	"
7½ NL 83 87-90								
C	F.07.50	—	—	505	2.60	—	—	F.99.30
C	F.100	35	0.40	350	1.30	—	—	"
		April		July		Oct.		
AKZO C	F.40	65	17.60 A	—	—	—	—	F.87.60
AKZO C	F.45	—	—	67	12.40	—	—	"
AKZO C	F.55	47	3.60	—	—	—	—	"
AKZO C	F.60	38	1.60	382	4	131	6.20 A	"
AKZO P	F.50	—	—	127	0.20	—	—	"
AKZO P	F.55	—	—	35	4.20	—	—	"
AMRO C	F.45	—	—	30	16	—	—	F.60.50
AMRO C	F.50	—	—	51	10	—	—	"
AMRO C	F.55	—	—	50	7.60	—	—	"
AMRO C	F.60	—	—	158	5	114	6.40	"
AMRO P	F.55	—	—	23	1.50	—	—	"
GIST C	F.150	828	15.10	56	18.50 B	—	—	F.166
GIST P	F.120	40	0.20	—	—	—	—	"
GIST P	F.130	100	0.40	55	2	—	—	"
GIST P	F.140	85	0.50	—	—	—	—	"
GIST P	F.150	552	0.70	44	5.50	—	—	"
NOOG C	F.25	—	—	47	3	—	—	F.24.60
KLM C	F.160	47	6.50	44	12.50	—	—	F.161.50
KLM C	F.170	46	3	50	2.50	—	—	"
KLM P	F.150	50	2.20	74	10	—	—	"
KLM P	F.160	32	5	51	14.00	—	—	"
PHIL C	F.30	254	13.60 B	67	13.60	103	14	F.43.70
PHIL C	F.30.50	38	11.10 B	72	11.40	64	11.10 B	"
PHIL C	F.35	130	2.60 B	78	6.70	30	0	"
PHIL C	F.40	060	3.60	504	5.10	125	6.20	"
PHIL C	F.45	—	—	676	3	014	4	"
PHIL P	F.40	40	0.60	214	1.60 A	40	2.30	"
PHIL P	F.46	—	—	152	3.40	12	4.60	"
RD C	F.60	36	15.50 B	59	18	—	—	F.105.10
RD C	F.100	477	6.20	149	6.60	40	10.50	"
RD C	F.110	630	1.60	464	4.30	473	8	"
RD P	F.100	15	0.80	46	3.60	15	5.50	"
RD P	F.110	51	6	68	9	2	12.50	"
UNIL C	F.220	12	4.40	45	10	38	14	F.216.50
UNIL P	F.100	—	—	1	3	50	4.50	"
		May		Aug.		Nov.		
SIEM C	DM300	—	—	50	43	—	—	DM324
SIEM C	DM320	—	—	197	24	—	—	"

TOTAL VOLUME IN CONTRACTS 15,216

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls April	Calls July	Calls Oct.	Puts April	Puts July	Puts Oct.
BP (USP 320)	260	62	—	—	1	—	—
" "	280	42	—	—	0	—	—
" "	300	22	40	46	4	10	18
" "	030	4	17	04	16	24	08
" "	360	1	8	—	40	42	—
CGF (USP 492)	390	—	114	—	1½	4	—
" "	400	77	87	—	0	0	—
" "	460	41	50	70	7	20	25
" "	500	15	42	52	04	32	42
" "	550	5	20	60	60	64	70
" "	600	1	10	14	—	112	—
CTD (USP 92)	70	23	25	27	1	2	4
" "	20	14	16	12	1	5	6
" "	90	5	2	11	2	5	7
" "	100	1½	4	6	2	12	14
CUA (USP 152)	120	14	19	24	1	3	4
" "	150	6	10	17	4	7	10
" "	140	2	8½	11	10	16	12
" "	160	1	4	6	29	61	33
GEC (USP 004)	180	29	38	44	1	5	8
" "	197	14	—	—	4	—	—
" "	200	—	21	27	—	10	16
" "	217	4	—	—	18	—	—
" "	220	—	11	17	—	23	32
" "	237	1	—	—	36	—	—
" "	240	—	6	—	—	32	—
" "	260	0½	4	—	58	60	—
GM (USP 307)	240	—	—	—	1	—	—
" "	250	89	—	—	1	—	—
" "	280	46	60	—	1	3	—
" "	000	60	41	—	8	7	—
" "	080	6	22	38	10	18	16
" "	060	0	11	16	65	37	39
" "	390	1	5	8	—	66	68
ICI (USP 308)	260	—	—	—	1	—	—
" "	000	102	110	—	1	—	—
" "	030	72	80	—	1	3	—
" "	360	42	50	60	6	8	10
" "	380	16	34	44	6	16	18
" "	400	4	17	24	24	60	34
LS (USP 316)	240	—	—	—	1	—	—
" "	060	58	63	68	1	3	—
" "	280	38	43	48	2	6	9
" "	300	18	38	34	3	10	18
" "	330	3	L1	18	17	24	27
M & S (USP 194)	160	37	—	—	1½	—	—
" "	180	19	67	38	3	8	8
" "	200	6	16	22	8	16	16
" "	220	0	6	10	27	28	31
" "	240	1	6	—	46	47	—

Option		Calls Apr.	Calls Jul.	Calls Oct.	Puts Apr.	Puts Jul.	Puts Oct.
BHL (USP 444)	360	88	—	—	—	—	—
" "	390	58	68	75	1½	5	8
" "	420	29	44	52	3	10	18
" "	460	5	18	28	80	28	55

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
BBL (USP 466)	360	112	120	—	1	2	—
" "	360	82	80	—	2	3	—
" "	420	52	60	75	3	8	13
" "	460	20	80	47	16	23	35
" "	500	7	17	32	42	47	57
IMP (USP 110)	60	22	—	—	1	—	—
" "	100	14	—	—	2	—	—
" "	110	7	12	14	4	6	8
" "	120	4	6	8	11	12	14
" "	150	1½	6	6	01	21	22
LMO (USP 226)	220	35	45	52	11	18	24
" "	240	25	35	42	18	25	32
" "	260	8	18	32	30	37	42
" "	280	4	13	18	60	56	60
" "	300	1½	3	—	70	72	—
" "	350	L	3	—	160	102	—
" "	360	1	—	—	160	—	—
" "	360	1	—	—	—	—	—
LNR (USP 84)	60	8	10	12	5	8	8
" "	90	3	6	7	18	10	12
" "	100	0¾	2½	3½	21	19	61
P & O (USP 142)	100	45	45	—	0½	1	—
" "	110	65	55	—	1	0	—
" "	120	25	25	27	1	4	7
" "	160	17	19	21	2	7	10
" "	140	6	15	15	5	13	16
" "	160	6	5	8	19	28	28
RCL (USP 434)	420	62	47	58	10	18	25
" "	460	12	22	36	34	57	45
" "	500	4	10	20	70	70	75
" "	550	8	4	—	120	120	—
" "	600	1	2	—	170	170	—
" "	650	1	—	—	220	—	—
RTZ (USP 617)	390	132	—	—	1	—	—
" "	420	102	108	—	2	—	—
" "	460	66	72	—	8	12	—
" "	500	32	50	68	14	28	37
" "	550	13	24	38	44	52	60
VRF (USP 894)	60	—	—	—	1	—	—
" "	66	—	—	—	1	—	—
" "	60	—	—	—	1	—	—
" "	70	—	—	—	1	—	—
" "	80	—	—	—	3½	—	—
" "	90	10	14½	16½	7	8½	16
" "	100	5½	8½	12	18½	15	18½
" "	110	2½	6½	9	18	20	22
" "	120	1¼	4½	6	26½	26½	67
" "	130	1	2½	4	86½	—	57
" "	140	0¾	1½	6½	1	—	—

Mar. 28 Total Contracts 1,136 Calls 616 Puts 520

هكذا من الاصل

INSURANCE & OVERSEAS MANAGED FUNDS

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

'Asset Builder'	63.0	66.3		—

London Indemnity & Gnl. Ins. Co. Ltd.
18-20, The Forbury, Reading 583511

Money Mngr Mar 15	56.7	61.2	—	—
MM Flexible Mar 3	47.7	50.2	—	—
Fixed Interest Mar 1	52.3	55.1	—	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179

Equity	210.8	216.2	—	—
Fixed Interest	153.8	154.9	—	—
Property	159.2	161.4	—	—
Deposit	138.5	138.3	—	—
Mixed	177.6	182.6	—	—
Indexed Stk.	213.3	113.9	—	—

London Life Managed Funds Ltd.

Equity (P.)	149.3	154.5	—	—
Fixed Int. (P.)	153.1	154.2	—	—
Property (P.)	117.3	121.1	—	—
Deposit (P.)	115.7	115.7	—	—
Mixed (P.)	141.7	145.4	—	—
Indexed Stock (P.)	119.3	120.1	—	—

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund	282.0	—	—
Property Fund (A)	274.8	—	—
Agricultural Fund	1052.7	—	—
Agric. Fund (A)	1026.8	—	—
Abbey Nat. Fund	223.2	—	—
Abbey Nat. Fd. (A)	222.4	—	—
Investment Fund	130.4	+0.3	—
Investment Fund (A)	128.6	+0.3	—
Equity Fund	387.6	+0.7	—
Equity Fund (A)	381.4	+0.7	—
Money Fund	207.7	—	—
Money Fund (A)	204.2	—	—
Actuarial Fund	201.0	—	—
Gilt-edged Fund	185.3	—	—
Gilt-Edged Fd. (A)	181.3	—	—
Retire Annuity	242.7	—	—
Immed. Anuity	194.0	—	—
International Fd.	240.1	—	—

INTERNATIONAL CAPITAL MARKETS

EUROBONDS

BMW to raise $50m in market

By Mary Ann Sieghart in London

BMW, the West German car manufacturer, is raising $50m in the Eurodollar bond market. The 10⅝ per cent, eight-year bond, priced at par is being led by Morgan Guaranty. The bond, which is non-callable, involves a currency swap into Swiss francs, arranged by Swiss Bank Corporation.

Although the coupon of 10⅝ per cent is well below that of most recent issues, the bond went extremely well in the pre-market, trading at a discount of about ¼ point. BMW is a popular name – especially with Swiss and German investors – which has rarity value.

Elsewhere in the dollar sector, turnover was low. Investors were discouraged by rises in short-term interest rates; the 6-month offered Eurodollar deposit rate hit 10 per cent at one point during the day, the highest it has been this year. Secondary market prices fell by about ¼ point.

Of the recent new dollar issues, Dresdner Bank's $100m, seven-year, 11 per cent bond was trading yesterday at a discount of about 2 points, and National Australia Bank's $50m, seven-year, 11¼ per cent issue was selling at a 1¼ point discount.

Today will see a DM 300m new issue from the World Bank. The terms have not yet been finalised, but the market expects a two-tranche deal – the first with a 5-year life and a coupon of around 7 per cent, and the second for 10 years with a 7¼ per cent coupon. The bond will be led by Deutsche Bank, which should also be pricing its IADB issue today.

Secondary market prices in the D-Mark sector fell by ¼ point in quiet trading due to a strong dollar and a lacklustre market in New York.

The DM 200m, ten-year, 7¾ per cent bond from IADB was trading at a 1¾ per cent discount yesterday, which makes it likely to be priced at a small discount to par. The Rank Xerox DM 75m, 10-year, 7½ per cent and the Escom DM 150m, 7-year, 8½ per cent new issues, were both trading at premiums to their issue prices.

In Switzerland, the secondary market was mixed but closed unchanged in average trading.

Due to be priced today is a LuxFr 250m private placement from SKF, the Swedish ball bearing manufacturer.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for March 28.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 14⅝ 89	75	111⅞	112⅜	−0⅛	−0⅛	11.36
Amro Bank 13 89	200	105¼	105¾	+0⅛	+0⅜	11.72
BNP Finance 14⅞ 89	150	108⅝	109⅛	−0⅛	−0⅛	12.02
British Col Hyd 10⅛ 89	200	97⅝	98⅛	–	–	10.62
British Col Hyd 15¼ 92	150	116⅞	117¼	−0⅜	−0¼	12.07
Canada 14⅞ 87	750	110¾	111¼	−0⅛	+0⅛	10.94
Canadair Ltd 12½ 89	175	104½	105	−0⅛	0	11.41
Canadian Wheat 11⅛ 90	50	100⅛	100⅝	−0⅛	0	11.15
Can Pac Sec 15 89	75	109⅛	109⅞	−1⅛	−0⅛	12.69
Citicorp O/S 15 84/92	100	104⅞	104⅞	−0¼	−0¼	10.95
Coca Cola Int 9⅞ 92	100	24⅝	25⅛	−0⅜	+0⅜	10.75
Coca Cola Int 11¾ 89	100	104½	105	−0⅜	−0¼	10.67
Credit Suisse BHA 10½ 90	150	98	98½	–	–	10.85
Credit Suisse 10½ 89	100	100⅛	100⅝	−0⅜	−0⅛	10.40
Deutsche Bk Fin 14¼ 89	300	109⅞	110⅜	−0⅛	−0½	11.85
Du Pont 11⅛ 85	150	101¾	102¼	−0⅛	+0¼	10.93
Du Pont 14½ 89 WW	200	107¾	108¼	+0⅛	+0⅜	12.21
E.D.C. 10¾ 89	100	100	100½	+0⅛	+0⅜	10.68
E.D.F. 12⅝ 87	150	103⅛	103⅝	−0⅛	−0⅜	11.71
E.E.C. 11½ 89	200	99⅜	99⅞	−0⅛	0	11.62
E.I.B. 11 91	125	98	98½	−0⅛	+0¼	11.34
E.I.B. 15½ 92	100	113¾	113⅞	−0½	−0½	12.87
Exp Dev Corp 11¾ 87	100	102½	102⅞	−0⅛	−0⅛	11.02
Forsmarks 13¾ 92	75	105¼	105¾	−0⅛	−0⅜	12.68
Gaz de France 12⅛ 93	170	19⅞	20⅜	+0⅛	+0⅛	12.22
Gen Elec Credit 0¾ 91	100	14⅛	14⅞	−0½	0	10.74
Gen Elec Credit 12 88	100	106¾	107⅛	−0⅜	−0⅛	10.43
GMAC O/S Fin 10½ 90	200	97¾	98¼	0	+0⅜	10.91
GMAC O/S Fin 15 87	100	108⅞	109⅜	0	+0⅛	12.04
Gulf Oil Fin 12¼ 87	100	103⅝	104⅛	−0⅛	+0⅛	11.07
IBM World Trade 12¼ 92	200	109⅜	109⅞	0	+0⅛	10.57
Manitoba Prov 11¾ 88	125	102½	103	−0⅛	0	11.11
Manitoba Prov 13¾ 89	100	108½	109	0	0	11.71
Midland Int Fin 11½ 92	150	99⅝	100⅛	−0⅛	0	11.59
Nat West Fin 11¾ 92	150	101⅛	101⅝	−0⅛	−0⅜	11.46
New Brunswick 15⅛ 87	75	111⅛	111⅝	−0⅛	−0⅛	11.70
Newfoundland 15½ 90	75	112⅞	113⅜	−0⅜	−0⅜	12.82
Nippon Credit 11⅛ 93	100	97⅛	97⅝	−0⅛	+0⅜	11.70
Nova Scotia Pro 15¼ 89	75	113	113½	−0¼	−0⅛	12.09
Ontario Hydro 11⅛ 89	200	102⅛	102⅝	−0⅜	−0⅛	10.60
Ontario Hydro 12¾ 92	200	106¼	106¾	−0⅛	−0⅛	11.58
Ontario Hydro 15 92	150	110⅜	110⅞	0	−0⅛	11.92
Prudential O/S 10⅝ 93	100	99½	100	−0¼	+0⅛	10.66
Prudential O/S 12¾ 87	150	106⅝	106⅞	−0⅜	+0⅛	10.78
Quebec Hydro 11½ 92 O	100	100⅞	101⅜	−0⅛	+0⅜	11.28
R. J. Reynolds 12¾ 89	100	104⅜	104⅞	−0¼	−0⅛	11.66
Saskatchewan Pr 10⅝ 90	125	98⅛	98⅝	0	0	11.07
Skand Enskil 11½ 88	100†	99	99½	0	0	11.70
S.N.C.F. 11½ 93	100	98⅜	98⅞	−0⅛	0	11.67
Swed Exp Credit 14¾ 90	100	109	109½	0	+0⅛	12.68
Swiss Bk Corp 10⅛ 90	125	99⅞	100⅜	−0⅛	+0⅛	10.21
Texaco Capital 8¾ 90	150	94⅝	95⅛	−0⅛	0	10.03
U.B.S. 11 88	150	102½	103	−0⅛	0	10.36
Walt Disney Pro 12½ 89	75	104	104½	−0⅛	+0⅜	11.47
World Bank 10⅜ 88	150	98⅝	99⅛	−0⅛	+0⅛	10.67
World Bank 10⅞ 93	100	98	98½	+0⅛	+0⅜	11.17
World Bank 11½ 98	100	97½	98	−0½	−0⅛	11.43

Av. price changes: on day −⅛, on week 0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 8¼ 92	80	100⅜	100⅞	+0⅛	−0½	8.14
Australia 6⅞ 93	200	98⅝	99⅛	−0⅛	−0⅛	7.03
Australia 7¼ 92	200	104⅛	104⅝	−0⅛	−1½	7.08
Bank of Tokyo 7⅛ 90	100	99⅝	100⅛	−0⅛	−0⅛	7.24
Bayer Capital 7⅝ 89	150	103⅞	104⅜	+0⅛	+0⅛	6.82
Caisse Nat Energie 8 93	100	100	100½	−0⅛	−0⅛	7.95
Caisse Nat Tele 7¾ 93	200	98	98½	0	+0¼	8.01
E.C.S.C 7½ 93	150	98⅞	99½	−0⅛	−0⅛	7.82
E.E.C. 7¾ 95	200	99⅞	100⅜	−0⅛	0	7.73
E.E.C. 8 94	200	100⅞	101⅛	0	0	7.82
Eurofima 7½ 91	100	100½	101	+0⅛	0	7.37
Ferrovie Dello 8⅝ 89	150	101⅞	102⅜	0	+1⅛	8.20
Gould Int Fin 8⅛ 89	75	102⅞	103⅜	0	+0⅜	7.62
H.J. Heinz Int 8⅜ 89	50	99⅝	100⅛	0	+0⅛	6.77
Int-Am Dev Bk 8⅛ 93	150	100⅞	101⅜	+0⅛	−0⅛	8.07
Ireland 8½ 98	150	101⅛	101⅝	−0⅛	−0⅛	8.28
Ireland 8⅞ 91	150	103⅛	103¾	+0⅛	+0½	8.24
ITT Antilles 7 93	200	97⅛	98⅜	−0¼	−0⅛	7.27
McDonalds Fin 7⅛ 92	100	101⅛	101⅝	−0⅛	+0⅛	6.92
Mitsui O.S.K. 7⅛ 88	100	97⅞	98⅜	−0¼	+0⅛	7.72
Mount Isa Fin 7⅝ 90	100	97¾	97⅞	−0⅛	−0⅛	8.08
Quebec Hydro 8 93	200	102⅜	102⅞	+0⅛	+0½	7.61
Sweden Kingdom 8⅛ 89	150	102⅛	102⅝	−0⅛	0	7.77
Volkswagen Int 7⅛ 93	200	97⅞	98⅜	−0⅛	+0¼	7.52
World Bank 7⅛ 93	200	97⅞	98⅜	−0⅛	−0⅛	7.52

Av. price changes: on day 0, on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Express 4¾ 93	100	98	98¼	0	+0½	4.99
Asian D.B. 5⅞ 95	100	99	99¼	0	+1	5.98
Bowater Int Fin 6 92	100	102¾	103	−0¼	+0⅜	5.60
[illegible]	75	97⅝	97⅞	[illegible]	[illegible]	[illegible]
Chugoku Ele Pow 6⅛ 91	100	100⅛	100½	0	+0¼	6.05
Chujitsuya Co 5⅞ 93	50	96⅝	96⅞	−0⅛	+0⅜	6.32
Ex-Im Bk Japan 5 93	100	96⅞	97	0	+0⅜	5.42
First Interstate 6 92	100	102	102¼	0	+0⅛	5.71
Gaz de France 6 93	100	101¼	101½	−0¼	−0⅛	5.81
Gothenburg Airport 6 93	50	100	100¼	+0¼	+1	5.93
HCA Finance 5 93	100	96¼	96½	0	+0⅜	5.48
Kyushu Elec Power 6 92	100	100	100¼	+0¼	+0½	5.98
Manitoba Prov 5⅞ 93	100	101⅛	101⅜	−0¼	−0½	5.89
New Zealand 5⅛ 92	100	98¼	98½	−0⅜	−0⅜	5.47
Nippon Express Co 6 93	50	101	101¼	+0¼	+0½	5.84
Nippon Kokan 5⅞ 93	100	96½	96⅞	0	+0½	6.09
Nisshin Steel Co 6⅛ 92	100	101½	101¾	+0½	+3	6.14
Norsk Hydro 5½ 89	100	98¼	98½	−0¼	+1⅛	5.80
O.K.B. 6¼ 83	80	101¾	102	0	−0⅛	6.48
Quebec 5⅜ 92	100	101⅞	102	0	0	5.49
Shikoku Elec Pow 5⅞ 93	100	97¼	97½	0	+0⅜	5.98
Tohoku Elec Power 6 93	100	99½	99¾	–	–	6.05
Transcanada Pipe 5¾ 92	100	99¼	99½	0	+1	5.83
Union Bk Norway 5⅞ 93	80	97	97¼	−0½	+0½	5.76
Volvo 5⅞ 91	60	101	101¼	−0¼	+1⅛	5.28
World Bank 5½ 93	100	100¼	100½	−0⅛	0	5.46

Av. price changes: on day 0, on week −⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅜ 92	15	105½	106½	+0⅛	+0¼	7.70
E.I.B. 8¼ 92	15	102⅛	103⅛	−0⅛	0	7.83
Japan Airlines 7⅞ 87	9†	100½	101½	0	0	7.56
New Zealand 8¾ 87	15	102⅞	103⅜	0	+0⅜	7.51
World Bank 8⅛ 92	20	102	103	−0⅜	0	7.81

Av. price changes: on day 0, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Cepme 12½ 90 CS	50	98⅛	98⅝	–	–	13.12
Farm Credit 12½ 93 CS	50†	99⅞	100⅛	+0⅛	0	12.15
Gaz de France 15 89 CS	75†	108⅛	108⅝	+0⅛	+0⅜	13.28
Gaz Metro 14½ 92 CS	40†	103⅛	104⅛	+0⅛	+0⅛	13.71
Pancanadian 12½ 93 CS	50†	97⅜	98⅜	+0⅛	+0⅛	[illegible]
Quebec Hydro 14 92 CS	80†	108⅛	109⅛	−0⅛	+0⅛	12.75
Swed Exp Cdt 12⅞ 88 CS	50†	102⅜	107	+0⅛	+0⅜	12.02
E.E.C. 11⅜ 93 ECU	50	99⅛	99⅝	−0⅜	0	11.65
Elf Naqu 11¾ 88 ECU	30	97⅛	98	−0⅜	−0⅜	12.41
Amfas 8½ 87 Fl	80	104⅛	104⅝	0	0	7.28
Austria 7½ 88 Fl	100	100⅞	101⅜	+0⅛	+0⅜	7.48
Nederland Gas 7½ 88 Fl	100	100⅛	100⅝	+0⅛	+0⅛	7.36
Neder Middb 8⅜ 87 Fl	100	104⅛	104⅝	−0⅛	+0⅛	[illegible]
Quebec Prov 7½ 88 Fl	100	98⅝	99⅛	−0⅜	+0⅜	7.70
World Bank 7 88 Fl	150	98½	99	0	+0⅜	7.31
O.K.B. 14 88 FF	400	97⅛	98½	0	0	14.85
Solvay & Cie 14¾ 88 FF	200	97⅛	98⅛	+0⅛	+0⅛	[illegible]
O.F.C.E. 14½ 87 £	30	106⅞	107⅜	−0⅛	−0⅜	12.12
C.E.C.A. 13½ 88 £	20	104⅞	105⅜	+0⅜	+0⅜	12.07
C.N.T. 12⅛ 88 £	20	100⅛	101⅛	−0⅛	−0⅛	12.29
E.E.C. 11⅜ 91 £	50	98⅛	98⅞	−0⅛	−0⅜	12.15
Fin For Ind 12⅛ 88 £	30	102⅛	103⅛	−0⅛	+0⅜	11.54
Fin Nat Oranj 12⅞ 92 £	30	23⅞	24⅝	+0½	+0⅛	12.76
Gen Elec Cr 12½ 88 £	50	104⅛	105½	−0⅜	+0⅜	11.27
Hiram Walker 14⅛ 86 £	25	105⅞	106⅜	0	0	11.65
Mort Bk Fin 11¾ 88 £	15	23½	24⅛	−0⅜	−0⅜	12.24
Norsk Hydro 12 90 £	30	27	28	+0⅛	−0⅜	12.76
Norsk Hydro 14½ 87 £	30	107⅛	108⅛	−0⅜	+0⅛	12.02
Quebec 14½ 89 £	30	108⅛	109⅛	0	−0⅜	12.86
S.D.R. France 15½ 92 £	30	108⅞	109⅞	0	+0⅛	14.22
S.N.C.F. 11½ 88 £	30	94⅛	95⅞	−0⅛	−0⅜	12.85
Tenneco Int 14⅜ 87 £	30	106½	107⅛	−1	+0⅜	12.51
World Bank 11¾ 91 £	75	25⅞	26⅞	0	−0⅜	12.21
Eurofima 11 93 LuxFr	600	102⅛	102⅞	−0⅛	−0⅛	10.57
[illegible] 12½ 92 LuxFr	500	104	105⅛	0	0	11.88

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Bank of Tokyo 5¼ 91 (D)	0⅛	99⅞	100⅛	18/6	9⅝	9.74
B.F.C.E. 5¼ 88	0¼	99⅞	99⅞	20/7	9⅛	9.34
B.F.C.E. 5⅛ 87	0¼	99⅝	99⅞	27/7	9.94	9.98
Caisse Nat Tele 5⅛ 90	0⅛	99	99½	21/4	10.06	10.04
Cepme 5⅛ 92	0¼	99½	100	18/6	9.94	9.96
Chemical NY 5⅛ 94 ††	0⅛	100⅛	100⅝	23/6	9⅞	9.83
Credit Agricole 5⅛ 97	0¼	98⅞	99⅜	24/8	10	10.09
Credit du Nord 5⅛ 92	0⅛	99	99½	23/8	10⅛	10.20
Credit Lyonnais 5⅛ 97	0¼	99⅜	99⅞	1/4	12.18	12.26
Credit Lyonnais 5⅛ 94	0⅛	99⅛	99⅝	5/7	9⅝	9.61
Credit Nat 5⅛ 94	0⅛	99⅞	99⅞	9/9	9⅜	9.36
E.D.F. 5⅛ 95 XW	0⅛	99½	99⅞	10/8	10	10.06
Kansallis-Osake 5½ 92	0¼	99⅜	99⅞	6/6	10.09	10.11
Lloyds Eurofin 5⅛ 93 S	0¼	100⅛	100⅝	20/4	10.56	10.52
Long Term Cred 5⅛ 92	0⅛	99⅞	100⅛	27/5	10⅛	10.13
J.P. Morgan 5⅛ 97 S	0⅛	100	100⅛	12/5	9½	9.48
Nat West Fin 5⅛ 91 S	0⅛	100⅛	100⅝	16/7	9⅛	9.22
New Zealand 5⅛ 87	0¼	100⅛	100⅝	7/4	12½	12.44
NZ Steel Dev 5⅛ 92	0⅛	100	100⅛	22/6	10.19	10.16
Nippon Credit 5⅛ 90	0⅛	100	100⅛	10/6	9⅞	9.86
Offshore Mining 5⅛ 91	0⅛	100	100⅛	2/6	10⅜	10.41
Scotland Int 5⅛ 92	0⅛	99⅞	100⅛	21/9	9.94	9.94
Sec Pacific 5⅛ 91	0⅛	100⅛	100⅝	24/8	10.06	10.02
Société Générale 5⅛ 95	0⅛	99⅛	99⅝	7/9	9½	9.58
Standard Chart 5⅛ 91	0⅛	99⅞	100⅛	18/6	10.69	10.67
Sweden 5⅛ 93	0⅛	99⅞	100⅛	3/9	10.19	10.20
Sweden 5⅛ 89	0⅛	99⅞	100⅛	26/8	9⅝	9.66

Av. price changes: on day −⅛, on week −⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	944	96	96½	0	8.63
Bridgestone Tire 5½ 96	3/82	470	101½	103	−0⅛	2.98
Canon 7 97	7/82	748.2	109½	109⅞	−2	1.86
Fujitsu Fanuc 4¼ 96	10/81	5614	104⅛	106⅛	−0⅛	18.37
Hitachi Cable 5⅛ 89	2/82	515	96⅛	97⅛	−1⅛	8.50
Hitachi Credit Corp 5 96	7/81	1612	90	91⅛	+1⅛	19.87
Honda Motor 5½ 97	3/82	799.9	114	115½	−1½	1.74
Kawasaki 5⅛ 98	9/81	229	83⅛	85⅛	+1⅛	23.71
Komatsu Gomi 6½ 97	10/82	400	112⅛	113⅛	+0½	2.96
Kyowa Hakko 8⅛ 97	2/83	762	106⅛	107⅛	−0⅛	18.55
Marui 6 96	7/81	768.5	128⅛	130⅛	−0⅛	8.98
Minolta Camera 5 96	10/81	325.4	74	75½	+1¼	34.66
Murata 6⅛ 96	7/81	1077	88⅛	[illegible]	+0⅛	24.52
Nippon Electric 5⅛ 97	2/82	705.9	120⅛	128⅛	−0⅛	4.82
Nippon Oil Co 5½ 97	4/83	964	99⅛	98⅛	−1⅛	4.93
Nissan Motor 5⅛ 98	4/82	770	97⅛	98⅛	−0⅛	8.90
Olympus Optical 8⅛ 97	12/82	1331	101⅛	102⅛	−2⅛	7.22
Orient Finance 5⅛ 97	3/82	1205	106⅛	109⅛	−0⅛	6.25
Sumitomo Electric 5½ 97	3/82	577.3	98½	100	−0½	5.67
Sumitomo Metal 5⅛ 96	10/81	296.1	72⅛	74½	−1⅛	34.23
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sharp Corp 3½ 93 SF	3/83	1198	111½	113½	0	1.40
Konishiroku 6⅛ 88 DM	6/82	616	110½	111½	−0⅛	4.58
Mitsubishi Heavy 6 89 DM	2/82	263	100⅛	107½	0	18.73
Sun Realty 6⅛ 92 DM	2/83	[illegible]	114	115	+0⅛	−0.38

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cr. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

APPOINTMENTS

New chairman elected for Mastercard International

● Mr Edward D. Miller, executive vice-president of Manufacturers Hanover Trust Co., has been elected chairman of the board of MASTERCARD INTERNATIONAL INC. He will serve a one-year term. He succeeds Mr Stanley M. Davison, vice-chairman of the Bank of Montreal, who remains on the board. Mr Frederick Deane, Jr, chairman of the board and chief executive officer of Bank of Virginia, has been elected vice-chairman of Mastercard International. Four directors have been appointed to the board. Mr John A. Brooks; Mr Roy A. Henderson; Mr John W. McIntyre and Mr William O. Rudd.

● Mr David O'Connor has joined the EFT GROUP INC as chief executive officer and president. He comes from Virginian National Bank, where he was senior vice-president and president of the bank's subsidiaries, Cash Flow and the Mid-Atlantic Exchange.

● THE ORGANISATION OF DANISH SLAUGHTERHOUSES has elected Mr Erik Platz as its chairman. Mr Platz has also been elected chairman of ESS-FOOD (the Danish Bacon Factories Export Association). Mr Platz has been a member of the board of the Danish Crown bacon factories since 1961 and its chairman since 1975. He has been a member of the ESS-FOOD board since 1977. The new vice-chairman of the organisation is Mr Bent Sloth who has been a member of the board of Wenbo bacon factories since 1970 and chairman since 1980.

● TANDEM COMPUTERS INC of California has elected Dr Larry L. Evans, and Mr Gerald L. Peterson and Mr Jerald D. Reaugh to the corporate office of vice-president. Dr Evans is responsible for all production operations including manufacturing technology, quality control and product test operations. Mr Peterson was vice-president of the marketing division. Mr Reaugh was vice-president of system manufacturing for the manufacturing division. He has overall responsibility for the company's five systems integration and test facilities.

● Mr Frederic L. Batterman has been named vice-president, finance and administration, of the research and development division of G. D. SEARLE AND CO of Illinois. He is responsible for planning, finance, personnel, engineering project management and other administrative functions within Searle's worldwide research and development operations. He joins Searle from the Revlon Health Care Group where he was division director for research administration since 1980.

● Mr A. N. Thatcher, managing director of Dowty Electronics, has also been appointed chairman of DOWTY ELECTRONICS INC. in Petoria, Illinois, U.S. Mr S. R. Gilliatt, treasurer and controller of RFL Industries Inc. has also been appointed to the board of Dowty Electronics Inc as financial controller.

● Mr Eddie Teo has been appointed general sales manager of PEARL AND DEAN SDN BHD. Prior to joining Pearl and Dean he was marketing manager of Star Publication (M) BHD.

● SIMMONS MARKET RESEARCH BUREAU INC. has appointed Mr Peter Bonanni president of its media studies divisions. He was publisher of the Dial magazine. He has also been appointed an adviser to the board of Public Broadcasting Communications, Inc.

● Mr James D. Alban-Davies has joined NATIONAL BANK OF NORTH AMERICA, an affiliate of National Westminster Bank, as a senior vice-president, international banking group. Mr Alban-Davies is deputy group head of international banking, based in Manhattan.

● COMMONWEALTH SAVINGS ASSOCIATION, Houston-based parent company of The Commonwealth Group has made the following promotions: Mr Richard Hoover becomes assistant secretary and trust officer; and Mr Craig Jenkins, Mrs Lynn Manzelmann, Mr Nelson Munoz, Ms Helen Meyer Smith and Ms Tracy Vickery, all become assistant vice-presidents. In the Corpus Christi office, Mr Robert Bettiga, Ms Virginia Findley and Mr Barry Hill have been named assistant vice-presidents.

● Mr Lawrence J. Woodward has joined PENNWALT CORP as manager of public relations. He was a group account supervisor at Gray & Rogers, Inc. of Philadelphia.

● Dr Robert H. Fast has become deputy general manager and executive vice-president of BAHRAIN INTERNATIONAL BANK (EC).

● Mr Douglas R. Chapman, chairman of the board and chief executive officer of Acco World Corp. Northbrook, Il., has been elected a member of the board of DENTSPLY INTERNATIONAL INC.

● FINANCIAL EXECUTIVES INSTITUTE has elected Mr John F. Ruffle, chairman, and Mr P. Norman Roy, vice-chairman. Both executives will serve a one-year term starting July 1.

● THE PROCTER & GAMBLE CO. has elected Mr William D. McHardy, vice-president Germany, as vice-president disposable products, Europe. Mr McHardy will continue to live in Germany.

Mr W. C. Berndt, general manager, laundry and cleaning products, Procter & Gamble (Germany) is appointed division manager, Germany.

French and German farm ministers profiled, Page 35

SECTION III CONTENTS

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday March 29 1983

WALL STREET

Fed casts an elusive shadow

RENEWED fears of a possible shift in monetary policy by the Federal Reserve overshadowed Wall Street'a financial markets yesterday. Share prices traded quietly, finding it difficult to develop a general trend, while in the credit market yields steadied around the higher levels reached in late dealings on Friday, *writes Terry Byland in New Yprk.*

At the close the Dow Jones industrial average was down 6.77 at 1133.32.

The Fed's Open Market Committee, which continues its meeting today, will be keenly watched for any hints of credit tightening.

Friday's announcement of money supply figures upset credit markets by confirming that the Fed had reduced its injection of capital into the markets over last week. The weekly money supply total was down but M1 totals remain above Federal Reserve targets.

Also keeping rates high yesterday was the continued firmness of the Federal Funds rate at 8⅞ per cent. On Friday, Dr Henry Kaufman of Salomon brothers warned that Fed Funds might rise as high as 9 per cent in the near term. But others doubt whether the Fed can afford to see rates rise too high in case this damages the U.S. economic recovery.

The discount rate on the three-month Treasury bill edged up to 8.64 per cent from Friday's final 8.57 per cent. The six-month rate was 8.67 per cent compared with 8.61 per cent.

The Treasury long bond, the 10⅜ per cent nf 2012, eased by 1/16 to 97⅞.

Other credit sectors bad a quiet session. This week's calendar of corporate funding is relatively light hut the March total of $4.6bn, the heaviest since October, has proved a heavy drain and there is an inclination to wait and see how April develops.

Municipal bonds also looked inactive yesterday, with the market still absorbing the massive issue from Intermountain Power Agency.

In the equity market, turnover was thin and prices began to fall away towards the close. The sharpest fall of the day was in shares of Paradyne, which tumbled by $8½ to $ 26⅝ following an accusation hy the SEC that the Florida-based company had illegally obtained a $100m computer contract from a Federal Government department. Paradyne shares, which had failed to open on the New York stock exchange on Friday, headed the list of active stocks yesterday.

Waste Management remained active, awaiting developments on toxic waste disposal allegations, and closed $3¾ down at $44.

Medical care issues looked firm, a major feature being Hospital Corporation of America at $51⅞, a gain on the day of $⅝.

IBM, the market's favourite share, added an early $¼ to $102¼ but General Electric lost $⅝ to $104⅝. Chrysler, whose offering of 12.5m sbares has been increased to 20m, slipped by $⅝ to $16⅝ and General Mntors also shed $⅝ to $59.

Boeing, which this week offers $100m in notes due 1988, held steady at $40⅝.

Sharp fall in gold mining issues marked a general easing in **Toronto.** Property groups also registered a decline but base metals, pipelines and utilities were generally firmer. Utilities, together with industrials, were among the weaker stocks in **Mnntreal,** however, where banks and papers showed modest advances.

FAR EAST

Appetite for rate cut grows

THE EMERGENCE yesterday of reports that the Bank of Japan was under government pressure to effect a substantial cut in the official discount rate – as part of a set of stimulatory measures said to be in the pipeline – took **Tokyo** stocks still further upward to previously unattained heights.

But the market's blue chips, which have seldom been to the fore in the advance of the past week or more, were this time additionally affected in many cases by moving ex-dividend. This served to depress the Nikkei-Dow market average hy a notional 38.10 and held what would have been more than a 100-point rise to 68.82, taking the indicator to 8,387.91. Saturday had seen a 16.32 gain.

Volume reached an active 480m shares, and the stock exchange index improved 1.53 to 614.02.

The market had already made allowances for an expected half-point discount rate reductioo from its present 5.5 per cent, but the talk yesterday was of a 0.75-point cut. This was later coumtered to some extent, however, by a report that the timing and size of any move had been left to the central bank's discretion.

Properties, insurers and paper pulps led the surge, followed by steels, trading houses, shipping lines and stocks linked with public spending programmes. Dealers said sentiment was also enlivened by the start of margin trading for settlement next month.

Nippon Express, volume leader on 43.07m shares traded, finished at Y213 ex-dividend compared with a Y202 Saturday close. The day's most notable gain was achieved by Meiji Milk, up Y77 at Y337 on reports that it has succeeded in extracting from a human cell an agent effective against thrombosis.

Toyota managed a Y20 rise to Y1,070 but Hooda slipped the same amount at Y842. Hitachi was Y10 off at Y790, as was Matsushita Electrical at Y1,310.

Government bond prices declined in thin trading as a result of a weaker yen and uncertainty over interest rates in Japan and the U.S. which bond managers expected to be an unsettling influence for some time.

The Finance Ministry sold Y324.1bn of 7 per ceot three-year national issues at auction, priced at an average 99.72 to yield 7.109 per cent.

Hong Kong was nervous ahead of a batch of corporate results due tomorrow from Hongkong Land, seven cents weaker yesterday at HK$4.15; Cheung Kong, off 20 cents at HK$9.15; Jardine Matheson, down the same amount at HK$13.40; Swire Pacific, the A stock of which held at HK$12; and Hutchison Whampoa, which managed a 10 cent gain to HK$13.90.

The Hang Seng index shed 7.43 to 975.9.

A narrowly mixed picture emerged in **Singapore,** where buying support alternated with moderate profit-taking. The Straits Times industrial index eased 1.38 to 837.15.

The OCBC banking group, whicb reported marginally improved profits and a one-for-10 scrip, added 10 cents to S$9.95. UOB, which achieved a better growth rate last year, slipped six cents to S$4.20.

Taipei prices approached a four-year high on record turnover worth some U.S.$69m, attributed by brokers there to lower oil prices and bank interest rates. The exchange index added 19.1 to 620.0.

AUSTRALIA

Stores busy

RETAIL stores dominated trading in **Sydney** as prices generally drifted lower and mining issues were neglected.

Persistent takeover rumours brought hectic activity for Grace Bros, off 10 cents at A$3.60, and Myer Emporium, seven cents weaker at A$1.50. An off-market parcel of 4.22m Myer shares changed hands at A$1.60, with the London agents of two local brokers involved.

Golds were hroadly mixed in **Melbourne** but nils firmed.

EUROPE

Dollar robs rally of its steam

THE RALLY in share values which gathered pace in many centres at the end of last week quickly ran out of steam yesterday as the dollar again picked np and bourse investors began to take profits.

A firmer bias oonetheless prevailed in **Paris,** where the weekend had heen devoted to an examination of the austerity measures which, when announced on Friday, took the CAC index 2.3 higher to 114.5. It ended yesterday 0.4 firmer still at a 1982-3 high.

Fears of the damage which corporate profitability could suffer from reduced consumer demand were generally offset by hopes that the inflow of savings to government coffers would follow through into industrial investment.

A ½-point cut in call money by the Bank of France, the first this month, gave a further fillip to sentiment.

In mixed electricals Alsthom rose FFr 5 to FFr 167 on its higher parent compaoy profits, while notable gains were achieved by Club Mediterranée, up FFr 60 to FFr 660, and L'Oreal, FFr 145 ahead at FFr 1,610.

Early turnover was bigh and prices well maintained in **Frankfurt** hut gains were relinquished in the afternoon. Reflecting the midsession strength, the Commerzbank index stood 3.6 higher at a 13-year peak of 905.3 and the FAZ index edged 0.76 upward to 300.04, its first ever excursioo above the 300 level.

Deutsche Bank added DM 7 to DM 332 on its dividend boost while Commerzbank shed DM 2.70 to DM 159 after confirming its intention again to omit a payout.

Domestic bond prices slipped, and the Bundesbank was required to huy DM 73.3m in public paper against sales of DM 2.2m on Friday.

Interest in **Zurich** centred oo Landis & Gyr in financials, which opened SwFr 50 up on rumours of a large order for the company hut turned in a net SwFr 20 gain at SwFr 1,240, and on machinery and vehicle manufacturer Adnlf Saurer.

Domestic bonds were barely changed.

An otherwise trendless **Amsterdam** was featured by Gist-Brocades in chemicals, which jumped Fl 10.50 to Fl 166 on news that it has secured Dow Chemical distribution rights in the Netherlands. Internationals all lost ground, while bonds drifted lower.

Milan reacted to a change in control of Toro Assicurazioni by marking up the insurance group L480 to L13,980. Ceotrale, which sold the stake, eased L11 to L2,799 while its purchase by IFI triggered a L145 rise for the holding company to L5,500. Treasury securities were in good demand.

A weak undertone emerged in **Brussels** although many issues improved. UCB added BFr 155 to BFr 3,185 and Kredietbank BFr 250 to BFr 5,350 but Arbed fell BFr 38 to BFr 1,200.

A quiet **Stockholm** session left Fagersta SKr 15 stronger at SKr 390 but Alfa-Laval off SKr 10 at SKr 370.

SOUTH AFRICA

Tone cautious

DEMAND dwindled in **Johannesburg** ahead of budget day tomorrow, with golds pulled lower hy a bullion price retreat.

Heavyweights shed up to R2.50, while in mining financials Anglo-American was 25 cents off at R20.10. De Beers steadied at R8.40 following plans by its Central Selling Organisation to raise gem diamond prices.

Platinums were firm bnt industrials directionless.

LONDON

Resistance patchy but intact

STERLING'S resumed weakness against the dollar exerted downward pressure nn government stocks but failed to undermine London equity markets yesterday. Gilt-edged securities were further unsettled by predictions of higher short-term U.S. interest rates and revived anxieties that current domestic hase rates of 10½ per cent could be increasingly vulnerable if the exchange rate deterinratinn continues.

Longer-dated gilts took the hrunt of the fall. Dealers adopted defensive tactics hy lowering quotations around a half, but the losses were soon extended to more than a full poiot as nervous offerings found huyers reluctant.

This pattern was repeated at the shorter end where falls ranged to a half-point or more in the case of specific low-coupon issues which encountered above-average selling.

Equity markets benefited initially from the employers' view that UK industry was emerging from recession and Wall Street's surge to a new peak on Friday. Busioess in leading shares was patchy, however, and after completion of one or two sizeable institutional buying orders, interest lessened considerahly.

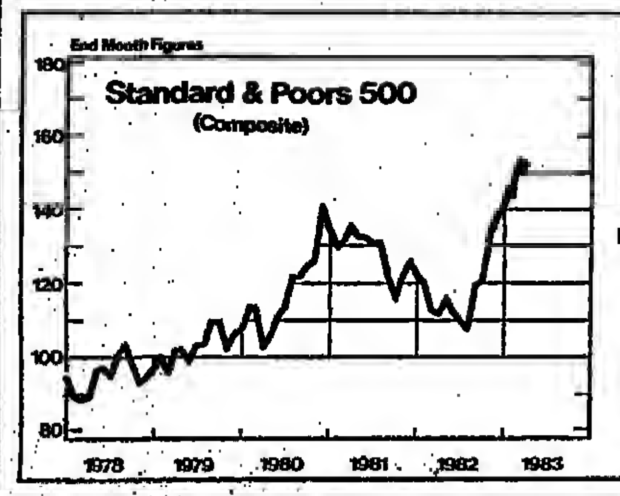
Most major industrials drifted a shade easier after a promising start. The FT Industrial Ordinary index closed 1.4 down at 655.5, cushioned by rises in both pharmaceutical coostituents, Glaxo and Beecham.

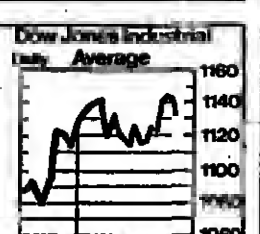
Glaxo followed last week's jump of 115p with a fresh spurt of 30p to 850p oo demand ahead of interim figures, due on April 11, and a joiot Japanese marketing venture. Other pharmaceutical stocks also moved higher.

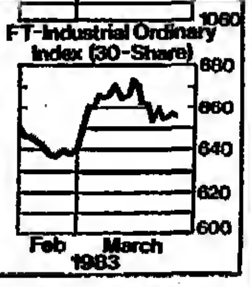
Fears of a price war continued to cast a cloud over the oil sector, and interest remained at an extremely low ehh with most prices ending a shade easier.

Share information service, Pages 36–37

KEY MARKET MONITORS







STOCK MARKET INDICES

NEW YORK	March 28	Previous	Year ago
DJ Industrials	1133.32	1140.09	817.92
DJ Transport	511.99	515.57	332.32
DJ Utilities	125.89	126.34	108.57
S&P Composite	152.55*	152.67	111.94
LONDON			
FT Ind Ord	655.5	656.9	555.1
FT-A All-share	413.13	413.71	320.46
FT-A 500	445.89	446.54	342.49
FT-A Ind	418.33	418.78	314.08
FT Gold mines	538.1	537.9	236.4
FT Govt secs	79.91	80.63	68.23
TOKYO			
Nikkei-Dow	8387.91	8319.09	7203.82
Tokyo SE	614.02	612.49	536.01
AUSTRALIA			
All Ord.	505.3	508.2	475.7
Metals & Mins.	458.7	466.5	337.1
AUSTRIA			
Credit Aktien	53.57	53.55	53.64
BELGIUM			
Belgian SE	116.70	115.29	97.59
CANADA			
Toronto Composite	2121.5*	2122.6*	1607.1
Montreal Industrials	354.80*	355.43	281.06
Combined	351.38*	351.97	270.08
DENMARK			
Copenhagen SE	133.62	133.82	94.94
FRANCE			
CAC Gen	114.90	114.50	103.7
Ind. Tendance	122.60	121.60	117.2
WEST GERMANY			
FAZ-Aktien	300.04	299.28	235.49
Commerzbank	905.30	901.7	718.0
HONG KONG			
Hang Seng	975.90	983.33	1168.18
ITALY			
Banca Comm.	211.85	212.70	208.74
NETHERLANDS			
ANP-CBS Gen	125.8	125.8	89.9
ANP-CBS Ind	108.9	107.2	72.6
NORWAY			
Oslo SE	151.31	152.25	101.45
SINGAPORE			
Straits Times	837.15	838.53	723.87
SOUTH AFRICA			
Golds	694.3	713.4	442.6
Industrial	827.9	831.7	568.1
SPAIN			
Madrid SE	closed	112.25	123.81
SWEDEN			
J & P	1235.57	1243.48	609.65
SWITZERLAND			
Swiss Bank Ind.	311.6	312.4	256.1
WORLD	Mar 25	Prev	Yr ago
Capital Int'l	165.7	166.4	132.5

GOLD (per ounce)

	March 28	Prev
London	$409.50	$413.00
Frankfurt	$408.75	$411.75
Zürich	$409.50	$413.50
Paris (fixing)	$411.49	$411.70
New York (March)	$412.00	$414.00

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR March 28	U.S. DOLLAR Previous	STERLING March 28	STERLING Previous
£	1.4540	1.4615	–	–
DM	2.4345	2.4160	3.54¼	3.53
Yen	240.10	237.00	349½	346½
FFr	7.2975	7.2450	10.60¾	10.58
SwFr	2.0850	2.0650	3.03½	3.01¾
Guilder	2.7370	2.7080	3.98	3.95¾
Lira	1449	1439	2107	2100½
BFr	48.21	47.90	70.10	69.95
C$	1.2315	1.2270	1.7890	1.7915

INTEREST RATES

Euro-currencies (three month offered rate)	March 28	Prev
£	11	10 13/16
SwFr	4⅛	4
DM	4 9/16	4 9/16
FFr	12⅜	12⅜
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 13/16	9⅝
6-month U.S.$	10	9 15/16
U.S. Fed Funds	8⅞	8½
U.S. 3-month CDs	9.25	9.025
U.S. 3-month T-bills	8.62	8.61

U.S. Treasury Bonds

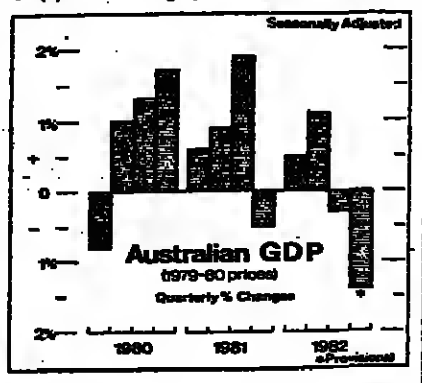
	March 28 Price	March 28 Yield	Prev Price	Prev Yield
9⅝ 1985	99 15/32	9.89	99 13/32	9.91
10½ 1990	99 9/32	10.59	99 17/32	10.58
10⅜ 1993	101 14/32	10.62	101 14/32	10.62
10⅜ 2012	97 7/32	10.68	97 7/32	10.68

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	75–27	76–00	75–18	75–24
U.S. Treasury Bills (IMM) $1m points of 100%				
June	91.18	91.22	91.12	91.14
Cert Deposit (IMM) $1m points of 100%				
June	90.44	90.51	90.42	90.46
LONDON				
Three-month Eurodollar $1m points of 100%				
June	90.22	90.24	90.14	90.41
20-year Notional Gilt £50,000 32nds of 100%				
June	102–27	103–08	102–20	103–23

LONDON COMMODITY MARKETS

	March 28	Prev
Silver (spot fixing)	708.00p	712.60p
Copper (cash)	£1100.25	£1095.00
Coffee (March)	£1916.50	£1934.50
Oil (spot Arabian light)	$27.90	$28.00



NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
12⅞	5¼	AAR	.44	4.0	16	41	11½	10⅞	10⅞	-⅛
38	27½	ACF	2.76	8.7	8	91	32⅛	31⅝	31⅝	-⅝
20	12¼	AMF	1.36	8.1	32	764	17⅛	16⅝	16⅝	+½
28⅝	13	AMR Cp				1908	27¾	27¼	27¼	-⅜
14⅝	4	AMR	wt			434	14⅛	13½	13½	-⅛
18¼	12⅞	AMR	pf2.18	13		56	17⅜	17⅛	17¼	+⅛
32⅝	24⅝	AMR	pf2.13	6.9		481	31⅛	30⅝	30⅝	-⅜
6⅝	2½	APL				81	6⅛	5⅞	5⅞	-⅛
47½	24¼	ARA	2	4.3	13	275	47	46	46	-½
79⅝	24½	ASA	3e	5.3		236	57¾	56½	57⅛	
27⅝	13⅝	AVX	.32	1.2	36	735	u28¼	26	27	+1⅛
44⅝	27⅝	AbtLab	1	2.3	18	2480	43¾	42⅝	43	-⅜
27¼	26¼	AccoW	n.12e	.4	20	293	27⅛	d26⅝	27	+⅜
22½	15⅝	AcmeC	.40	2.3	20	73	17⅞	17⅝	17¼	-⅛
12⅞	5¼	AcmeE	.32b	2.6	29	17	11⅛	10⅝	10⅝	-¼
14	4⅝	AdmDg	.04	.3	12	84	13¾	13⅝	13¾	
17⅞	12½	AdaEx	1.73e	11		167	15⅞	15⅝	15⅞	-⅛
9⅛	4⅝	AdmMl	.20e	2.2	12	204	9⅛	8⅞	9	+⅛
22¼	12⅝	Advest	.16	.7	14	76	22½	22	22	-⅛
39¼	13	AMD	s		53	1257	36½	34⅝	34¾	-¼
40¼	32⅞	AetnLf	2.64	6.8	6	1090	39⅛	38¾	39	
65	52⅞	AetL	pf3.70e	6.6		82	56¾	56	56¼	-½
37⅝	6	Ahmns	.60	1.6		478	31⅞	31⅝	31⅝	-¼
4	2⅞	Aileen				43	3⅛	3⅛	3⅛	
48⅝	23⅞	AirPrd	.80	1.9	12	370	42½	42	42⅛	
24¼	8⅝	AirbFrt	.60	2.9	27	180	22	20½	20¾	-1¼
3	2	AlMoa	n		4	144	2⅝	2½	2⅝	

Follow the Leader

Do you want to reach the top international financial specialists in European industry?

In mid 1982, the Financial Times, The Economist, and Euromoney commissioned Research Services Ltd. to conduct a study amongst these senior international financial specialists in order to discover what they read.

The published report is now available, and the results show that the publication most widely read by this prime target group was the *Financial Times*. By comparison, the table below shows the readership figures for some of the other 40 publications that were covered by the research.

For more information about this research, or the position of the F.T. in the European market place, please contact your local Financial Times representative or the Market Research Department of the Financial Times.

	Readership %
FINANCIAL TIMES	42
F.A.Z.	24
HANDELSBLATT	21
LE MONDE	11
I.H.T.	9
NEUE ZURCHER ZEITUNG	8
WALL STREET JOURNAL	6
BUSINESS WEEK	24
ECONOMIST	22
TIME	13
NEWSWEEK	11
INSTITUTIONAL INVESTOR (INT.ED)	21
EUROMONEY	17

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Continued on Page 33

هكذا اصل الأصل

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 32

Continued on Page 34

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

CANADA

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

ITALY

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

LONDON

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Assoc. Brit. Ports	152	−7
Bio-Isolates	280	+15
Davies & Newman	145	−23
Delta Group	51	−2
Electro-Protective	272	+12
Excol Int.	145	+12
Glaxo	850	+30
Leisure Inds	300	+38
Lex Service	229	+9
London & Liverpool	450	−30
Reckitt & Colman	412	−4
Wilkes (J.)	265	−10

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Glaxo	52	820	+80
Lon & Liv Tst	30	480	−2
Bio-Isolates	20	265	+10
Automated Sec	15	474	+29
Cable & Wirless	13	415	—
Lex Service	13	221	−1
Trident TV A	12	101	−4
Hains Ounswy	11	328	—
BAT Inds.	10	660	+5
Boots	10	239	−5
Comm Union	10	134	+7
Grand Met.	10	333	−2
Lucas Inds	10	164	−8
Racal Elect.	10	434	−15

NEW HIGHS AND LOWS FOR 1982/3

NEW HIGHS (137)

AMERICANS (17)
CANADIANS (6)
BANKS (2)
BUILDINGS (2)
CHEMICALS (2)
DRAPERY & STORES (8)
ELECTRICALS (5)
ENGINEERING (10)
FOODS (1)
HOTELS (3)
INDUSTRIALS (18)
INSURANCE (5)
LEISURE (4)
MOTORS (4)
NEWSPAPERS (5)
PAPERS (8)
PROPERTY (7)
TEXTILES (1)
TRUSTS (8)
MINES (1)

NEW LOWS (7)

BREWERS (1)
Tomatin
STORES (2)
Hellas Grp. Ratners
ELECTRICALS (1)
Newmark Louis
INDUSTRIALS (1)
Metamec Jentique
NEWSPAPERS (1)
Sharpe (W. N.)
MINES (1)
Oakbridge

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 28	Apr 8	June 30	July 11
Apr 18	Apr 29	July 14	July 25
May 3	May 13	July 28	Aug 8

For rate indications see end of Share Information Service

Stocks favoured for the call included Grovebell, BICC, Dunlop, Bondsbond, Henry Ansbacher, RHM, London and Liverpool, Stewart Nairn, Tecalemit, Ward and Goldstone, Mettoy, Exco International, UKO, GEC, Spong, Barlow Holdings, W. E. Norton, Combined Technologies, Hanson Trust, L & J. Hyman and Pleasurama. No puts were reported, but doubles were taken out in Britannia Arrow, London and Liverpool and Combined Technologies.

RISES AND FALLS

	Rises	Falls	Same
British Funds	—	91	7
Corpns. Dom. and Foreign Bonds	6	31	43
Industrials	286	270	777
Financial and Props.	105	86	329
Oils	26	25	59
Plantations	3	6	13
Mines	33	50	70
Others	63	46	51
Totals	522	604	1,349

FINANCIAL TIMES STOCK INDICES

	Mar. 28	Mar. 25	Mar. 24	Mar. 23	Mar. 22	Mar. 21	year ago
Government Secs.	79.81	80.63	80.82	79.98	80.46	80.02	68.23
Fixed Interest	82.38	82.75	82.38	82.06	82.48	82.35	69.39
Industrial Ord.	655.6	656.9	664.8	654.3	660.4	659.5	556.1
Gold Mines	539.1	537.9	560.7	549.3	569.8	535.6	256.4
Ord. Div. Yield	4.86	4.86	4.81	4.94	4.82	4.94	5.67
Earnings, Yld.% (full)	10.24	10.25	10.57	10.47	10.37	10.48	11.31
P/E Ratio (net) (*)	11.80	11.78	11.65	11.51	11.63	11.61	11.12
Total bargains	26,127	23,033	23,776	25,586	25,323	24,323	21,013
Equity turnover £m.	—	376.84	222.58	306.26	206.76	178.97	112.1
Equity bargains	—	19,057	12,396	18,574	12,774	21,405	18,357
Shares traded (ml)	—	169.6	148.2	128.7	128.1	120.1	92.8

10 am 658.9. 11 am 656.4. Noon 656.1. 1 pm 656.6. 2 pm 656.4. 3 pm 658.5.
Basis 100 Govt. Secs. 15/10/26. Fixed int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.
Nil = 11.03
Latest Index 01-246 8026.

HIGHS AND LOWS

	1982/3 High	1982/3 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	85.84 (3/11)	61.88 (5/1/82)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.02 (12/11)	62.78 (7/1/82)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord	673.6 (16/3/83)	518.1 (5/1/82)	673.6 (16/3/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	181.2 (22/6)	734.7 (15/2/83)	43.6 (26/10/71)

S.E. ACTIVITY

	Mar. 25	Mar. 24
—Daily		
Gilt Edged Bargains	193.6	182.9
Equities Bargains	126.8	125.7
Equities Value	559.6	448.9
5-day Avrge		
Gilt-Edged Bargains	196.6	200.7
Equities Bargains	197.9	165.8
Equities Value	441.2	437.3

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Mon March 28 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri March 25 Index No.	Thur March 24 Index No.	Wed March 23 Index No.	Tues March 22 Index No.	Year Ago (approx.) Index No.
1	CAPITAL GOODS (207)	449.84	−0.1	8.72	3.81	14.46	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (23)	443.50	−0.5	9.53	4.34	12.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (30)	786.54	−0.6	11.45	4.26	10.59	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (33)	1629.35	−0.2	7.32	2.34	17.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (10)	444.17	+0.1	15.78	6.73	7.76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (65)	217.54	+0.1	10.64	5.26	11.70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (11)	180.85	+1.0	10.97	6.88	11.16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (18)	95.93	+0.6	0.77	6.52	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (17)	419.34	—	7.71	5.07	17.23	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (200)	416.97	—	10.11	4.51	12.02	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FIXED INTEREST

[illegible]

NEW YORK Indices

[illegible]

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

[illegible]

NEW YORK CLOSING PRICES

Continued from Page 33

[illegible]

COMMODITIES AND AGRICULTURE

Sharp increase in rubber prices

By John Edwards

NATURAL rubber prices rose sharply in London yesterday. The No. 1 RSS spot quotation increased by 3p to 77p a kilo, aod on the futures market the June/September position closed £27 np at £802.5 o tonne.

The rising trend was attributed to the decline in the value of sterling against the Malaysian dollar, and reports of buying interest from both China and the Soviet Uoion.

However, London traders said demand for rubber remained quiet, with manufacturers refusing to pay the higher prices except for "spot" purchases.

● INDIA's cotton exports so far this year have reached 800,000 bales, more than double tho 375,000 bales exported in the whole of the 1981-82 selling year ending in August.

● UNDER a $7m (£4.63m) grain oxchange agreemsot, the U.S. will supply Zimbabwe with 20,000 tonnes of wheat and Zimbabwe will despatch 31,000 tonnes of maize to Zambia.

● INDIA has halted most rice exports for 1983/84 and will consider importing if necessary.

● SEA SHEPHERD 2, the ship heing used by anti-seal hunt protesters, has been ordered to put into port to face charges of going too close to the hunt. The captain has said be will refuse to obey the order.

● THAI TAPIOCA exports in 1982 rose to 7.92m tonnes, from 6.26m tonnes the previous year. Meanwhile, it seems unlikely that the European Community will allow Thailand to compensate for the expected shortfall in tapioca imports from Indonesia this year.

● THE 8TH international lead conference—Pb 83—will be beld in The Hague on October 23-24.

List price for aluminium ingots goes up to £880 a tonne

BY JOHN EDWARDS, COMMODITIES EDITOR

A RISE in the list price for aluminium ingots in the UK and Ireland from £810 to £880 a tonne was announced yesterday by British Alcan Aluminium. This is the first rise in the official list price quoted by Alcan since February 1980.

It reflects the decline in sterling, improved market conditions and the recent surge in aluminium values on the London Metal Exchange.

Yesterday, the cash price of aluminium on the exchange jumped once again, closing £21.5 st £922.5 e tonne, while the three months quotation gained £23 to £951.75 a tonne.

This is the highest level since early 1980, when sterling was worth a great deal more, and compares with a low for the cash price of £506 only nine months ago.

Yesterday's rise was attributed to further strong speculative buying, encouraged by the market breaking through some important chart resistance points. Paradoxically, London Metal Exchange warehouse stocks of aluminium rose by 1,825 tonnes to o record level of 265,025 tonnes.

Traders point out, however, that tbe increase mainly reflects the greater use of the market by producers, since world stocks of aluminium have been declining steadily in recent months owing to production cutbacks and some limited improvement in demand.

Much of the aluminium beld in the LME warebouses is known to be of poor quality and would need to be up-graded *before* it *could be used* by *most* fabricators.

Nevertheless, ths LME quotations remain at a considerable premium to the Alcan list price, even after yesterday's increase. LME prices are based on delivery from any one of tho warehouses dotted throughout *Europe, with seller'a option,* and also do not include the 8 per cent duty imposed on imports into the European Community.

The Alcan price is for aluminium delivered to customers' works, duty paid. In addition to the rise in the list price to £880 for 99.5 per cent minimum purity metal, Alcan are also raising by £10 the premiums for extrusion ingots and for 99.85 and 99.9 per cent minimum purity ingots.

The increases are effective on all new orders placed on or after *March 31* and on shipments against existing orders from April 29.

Tin reaches all-time high

BY OUR COMMODITIES EDITOR

THE further decline in the value of sterling boosted base motal prices again on ths Loodon Metal Exchange yesterday.

Tio values reached new all-time peaks, with the cash price closing £31 op at £9,213.5 a tonne. Thore was reported to be some trade buying interest, while the buffer stock of tho International Tin Council was reported to be giving the market firm support by bidding at £9,120 in late kerb dealings.

Meanwhile, in Londoo yesterday, representatives from the leading tin exporting countries were making another ottempt to resolve the differences that havo so far prevented the formation of the proposed Tin Producers' Association. The talks are due to end today.

However, with tho buffer stock of the Tin Council now firmly in control of the market, the incentive for producers to seek furthor protection has diminished.

Nevertheless. Maleysian tin prices remain in the lower price range of the International Tio Agreement in spite of the record levels in London.

Nickel prices also rose to new peaks yesterday. The strong upward trend of recent weeks was maintainod with cash nickel gaining a further £52.5 to £3,433 o tonne.

Nickel stocks in LME warebouse rose to a record level of 12,072 tonnes ofter oo increase of 228 tonnes last week. Copper olso rose by 1,600 to 308,075; lead by 1,900 to 147,800; zinc by 400 to 90,600 tonnes and silver by 30,000 to 34,100,000 ounces. Tin stocks fell by five tonnes to 37,325 tonnes.

Smaller cocoa crop predicted

SALVADOR—The cocoa trade now expects that the Bahia temporao crop (May/Sept) will be 2.3-2.5m 60-kilo bags. Earlier this week, the government estimated the crop at 2.7m begs.

Cocoa which would have been temporao will oow come in during the first weks of the main crop which starts io October, bocause of the lateness of the temporao.

This would make a larger main crop than usual—of abont 2.5m bags. This would go against the trend in recent years for larger temporao snd lower maio crop harvests. However, firm estimates of the main crop will not be possible until Moy.

● The Ghana cocoa marketing board said it bought 862 tonnes of cocoa in the 19th week of the 1982/83 main crop season. (Agencies)

FT correspondents look at Europe's two new farm ministers

Devaluation requests rejected

By Our Own Correspondent

IRISH AND Italian requests for immediate devaluations of their EEC "greeo" agricultural exchange rates in the wake of last week's EMS realignment were rejected by other Commoo Market governments last night.

But EEC agriculture ministers, meeting in Brussels, fulfilled a five-month-old pledge to devalue the French and Belgian "green francs" for beef and dairy products from next week.

Officials said most governments were determined to postpone wholesale green changes until the final farm price fixing for this year. This was due by the end of this week but is now certain to be delayed until late April or early May.

The EMS changes agreed last Monday have thrown the Common Market's agri-monetary system into considerable disarray. Officials said there was a widespread belief that the future of the whole apparatus would be reviewed before individual changes were agreed.

It was felt, however, that s 2.5 per cent devaluation of the greeo Belgian franc and 3 per cent devaluation of the green French franc, for beef and dairy products only, promised following an earlier EMS realignment, should be npheld.

Decisions on requests by the Italian and Irish ministers for a respective 2.5 per cent and 3.8 per cent devaluation of their green currencies were delayed until the final round of priee negotiations.

Tbe meeting was chaired by the outgoing West German agriculture minister Herr Josef Ertl.

Kiechle: Complex task ahead

WEST GERMANY'S farmers are about to lose their guardian angel of the last 13 years—but they are unlikely to be disappointed et his replacement, writes Jonathan Carr.

Herr Josef Ertl, Bavarian farmer and Agriculture Minister since 1969, will oot be io Chancellor Helmut Kohl's Cabinet to be sworn in tomorrow. The new minister is to be Herr Ignaz Kiechle, also a Bavarian farmer and an expert oo dairy products.

Herr Ertl, o member of the liberal Free Democratic Party is leaving not because he failed to defend Bonn's interests in EEC negotiations in Brussels, but because of e change in the balance of political power ot bomo, the FDP will have only three Cabinet seats, so the farming portfolio passes to Herr Kiechle's Bavarian Christian Social Union (CSU) which will have five Cabinet posts.

The new man, who was 53 last mooth, faces a hard task. Not only does he take over the national job, be must also act as chairman of the Council of EEC Farm Ministers. He is walking into the middle of the most delicate job of all—the annuol setting of the EEC farm price increases.

To make motters still more complicated, the realignment of the European Monetary System (EMS) means Bonn wilt be nnder even more pressure from France in particular to cut its border taxes for farm produce.

Anyone hoping that Herr Kiechle will be a softer touch in Brussels than Herr Ertl is in for a surprise.

Herr Kiechle has made it clear be could not accept a combination of measures—cuts in border taxes and in intervention guarantees—so that German farmers came away from the Brussels talks with no real price increase at all. For him o net price increase of 3 per cent for Germao farmers would be ao "acceptable result" from the negotiations.

What about the problem of EEC finance and farm surpluses? Herr Kiechle does not like the word "quotas" but his thoughts on the topic poiot io that direction. If action has to be taken because of limited EEC cash, theo he feels the priority should go to settiog volume limits beyond which farm produce would oot benefit in full from the Community's price guaraotees. He thinks that is better than trying to limit production in the first place by depressing the price. But he is a realist enough to add that if that is to happen it will be a slow, step-by-step process.

Rocard: Springboard to greater power

M MICHEL ROCARD has wasted no time charming his way into the beerts of French farmers, who, by ony standards, are a cantankerous and difficult lot, writes Paul Betts.

The day after his appoint*ment last* week as France's Agricultural Minister, M Rocard spoke to the small milk producers association meeting. He promised to protect French farmers' interests in the tough EEC negotiations on the thorny issuo of farm interventioo prices. He also promised o coherent investment and development policy for French agriculture to set up "a real industrial strategy for the sector."

M Rocard's arrival will bring a certain cachot to the Agricultural Ministry. As M Bernard Thareau, who is responsiblo for agricultural issues in the French Socialist Party, said: "The new Agricultural Minister is the most popular minister in the eyes of French public opinion."

Since the Left came to powor in 1981, M Rocard has been in charge of preparing France's ninth five-year plan covering 1984 to 1988. But while all the publie opinion polls put him at the top of the Socialist popularity list, be has been dogged by controversy within his own party.

His moderation in economic issues, his social-democratic style of socialism which some of his colleagues have dubbed "solialisme a l'Américaine," and his affable manner havo made him "suspect" among large chunks of his party.

But his biggest problem is that he is seen as a politician in a burry—ho has never disguised his presidential ambitions.

Ho first ran for the oresidency against Georges Pompidou in 1969.

But for all his antipathy, M Mitterrand has not been oble to ignoro him. By giving him the plonning portfolio, the president clearly sought to keep his socialist rival on the fringes of government.

M Rocard, however, is now back io the front line. His appointment is consistent with the tightening of economic policy by the Mitterrand government in the wake of the lotest devaluotioo of the franc.

For M Rocard, the job will represent o delicate challenge. The agricultural ministry could be the springboard be has heen looking for to increase his political prestige and power base. But while the agricultural ministry could well enhance his political aspirations, the fall, should things go wrong, could be equally spectacular.

PRICE CHANGES

In tonnes unless stated otherwise

	Mar. 28 1983	+ or −	Month ago
[illegible]	[illegible]	[illegible]	[illegible]

LONDON OIL

SPOT PRICES

	Latest	Change + or −
[illegible]	[illegible]	[illegible]

GAS OIL FUTURES

[illegible]

EUROPEAN MARKETS

[illegible]

GOLD MARKETS

	Mar. 28		Mar. 28	
Gold Bullion (fine ounce)				
Close	$409-410	(£281½-282¼)	$415½-413½	(£282¼-283½)
Opening	$410-415	(£282½-285¼)	$412½-416¼	(£282½-286¼)
Morning fixing	$412	(£282.909)	$411.25	(£281.682)
Afternoon fixing	$406.75	(£281.179)	$411.76	(£281.695)
Gold Coins Mar. 28				
Krugrnd	$421¼-422½	(£289¾-290½)	King Sov	$100-101½ (£68½-69½)
½ Krg	$217¼-216¼	(£149¼-150¼)	Victoria Sov	$100-101¼ (£68½-69½)
¼ Krg	$110¾-111¾	(£76¼-76¾)	French 20s	$87¾-89¾ (£60½-61¾)
1/10 Krug	$45-46	(£31-31¾)	50 pesos Mex	$500-502 (£343¾-345¼)
Mapleleaf	$420½-422	(£289¼-290¼)	100 Cor. Aust	$398-402 (£275¾-278½)
New Sov	$96½-97¼	(£66¼-66¾)	$20 Eagles	$550-570 (£378¼-392)
½ New Sov	$57-59	(£39¼-40½)		

Lingerie rescue plan collapses

PLANS FOR a workers' co-operative to save tbe Janet Reger lingerie factory in Wirksworth, Derbyshire, have collapsed. The fectory shut down with the loss of 100 jobs in Janusry when the fashion underwear manufacturers went into tliquidation with debts of more than £1m.

Derbyshire County Council asked the Co-operativo Development Agency to consider a takeover and 50 of tbe women workers decided to form a management committee. Bnt interest among the workforce gradually dwindled and most of them are now looking for other jobs.

LONDON FUTURES

Month	Yest'rday's close	+ or −	Business Done
	$ per troy ounce		
April	409.60-10.0	−4.150	413.70-06.5
May	411.50-13.4	−4.550	—
June	415.00-16.5	−4.200	420.00-13.0
July	418.20-19.5	−3.550	—
August	422.00-22.7	−4.350	429.60-91.5
Sept	424.50-26.0	−5.000	—
Oct	427.50-29.5	−5.000	—

Turnover: 915 (824) lots of 100 troy ounces.

BRITISH COMMODITY MARKETS

BASE METALS

[illegible]

COPPER

[illegible]

TIN

[illegible]

LEAD

[illegible]

ZINC

[illegible]

ALUMINIUM

[illegible]

NICKEL

[illegible]

SILVER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

POTATOES

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

TEA AUCTIONS

[illegible]

Irregularly dearer prices. Offshom offerings were also irregular but generally received a strong enquiry particularly from overseas. Quotations: Quality 148p a kg (149p), medium 135p a kg (138p), low medium 123p a kg (125p).

COTTON

[illegible]

INDICES

FINANCIAL TIMES

[illegible]

REUTERS

[illegible]

MOODY'S

[illegible]

DOW JONES

[illegible]

MEAT/FISH

[illegible]

AMERICAN MARKETS

Egypt gets third blended credit package from U.S.

THE U.S. HAS approved a $50m (£33.11m) blended credit package for Egypt, covering corn and tobacco sales, said U.S. Agriculture Secretary John Block.

This is his third blended credit package for Egypt since last October, bringing the total value to $192.5m.

However, Mr Block said in Cairo yesterday that the U.S. will hold off temporarily on subsidised farm export deals such as the recent wheat flour sale to Egypt, to avoid antagonising the European Community.

"We did not come here to antagonise Europe. That's one reason we're not charging ahead with a subsidised dairy deal for Egypt."

But be added: "We are still very intont on achieving our objective of competing with subsidised European exports in markets which we too consider ours."

According to a U.S. Department of Agriculture briefing paper on Egypt, the Egyptiao Government believes the U.S. is using the threat of a dairy sale to pressurise Europe in its efforts to get agreement on an end to export subsidies, and does not intend to conclude the dairy deal.

Mr Block's current five-nation Middle East tour is being seen partly as a negotiating ploy to convince Europe, and particularly France, that the U.S. is serious about trying to increase its market share in countries which rely heavily on the European Community for agricultural prodocts.

Meanwhilo, the European Community says it will seek to compete against any further sales of U.S. subsidised farm products.

France's M Louis Eyraud, a member of the European Parliament agriculture committee, said yesterday: "The Community will be in a position to offer the same conditions as those offered by the U.S. to Egypt.

"If the U.S. can dump, the Community can dump too."

The proposed dairy deal would jeopardise the current trado talks betweeo the Community and the U.S., ho said. If it was concluded, it would be mainly at the expense of Denmark and tho Netherlands, Egypt's traditional dairy suppliers in Europe.

Agencies.

Brighter prospects for wheat and maize exports

WASHINGTON — Export prospects for both U.S. wbeat and maize have brightened over tho the past month, particularly for maize, the U.S. Agriculture Department said.

In its report Export Markets for U.S. Grains, the department said U.S. maize sales have been brisk to several major importing countries and the outlook for continued large sales is favourable.

U.S. wheat sales should be aided by recent announcements of blended credit pockages for Iraq, Portugal, Chile and Brazil, despite strong competition among wheat exporters in an increasing number of markets, it added.

U.S. *export prices for soft* red winter wheat and corn showed particular strength over tho past month, due to tightening market supplies, USDA said.

It said maize purchasing activity has strengthened from last mooth, with South Korea and Mexico cootinuing to be tbe most active buyers.

Maize sales activity could pick up further in coming weeks if the USSR moves to cover some of its coarse grain needs.

Ths department repocted that the European Community director-general for agriculture has said the EC will not try to increase its share of the world wheat and wheat flour market to more than 14m tonnes.

However, the Community has taken no positive action to either limit exports or build stocks and continues an aggressive export policy, the department said.

It said U.S. wheat shipmeots continued to pick up over the past mooth, despite beavy wheat shipping programmes by Canada, Argentina and France.

Early *season sowing* intentions point to increased competitioo for U.S. wheat.

Australie'e wbeat area may reach a record 14m hectares if the drought breaks, Canada is expected to plaot 3-4 per cent more than last year's record 12.6m bectares and the Argentine wheat orea is likely to be maintained well above traditional levels, it said. (Agencies).

World white sugar surplus

RATZEBURG — The world white sugar surplus in 1982-83 could be more thao 6m tonnes based oo curreot prodoction and consumption estimates.

West German sugar statistician F. O. Licht said in its latest international sugar report that white sugar exports cannot be expected to continue their upward trend, leaving production cuts as the only way to cope with the current surplus.

European Community yields io the current year had been "excellent," the report said.

The U.S. was likely to resume white sugar exports when the regulations for the re-export programme were published in the federal register and the U.S. agriculture department had received comments

● The Brazilian sugar and alcohol institute bas raised its 1983-84 sugar production target to 8.5-9m tonnes from 8.5m tonnes previously. It also adjusted its alcohol productioo target from the June-May crop to 7.2bn litres from 6.8bn litres. This is due to a boom in domestic sales of alcohol-fuelled vehicles. (Agencies)

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982/83 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100⅝	92⅞	Treasury 9¼pc '83	99¾	−⅛	9.29	10.67
104⅝	96⅞	Exch. 13½pc '83	101⅝	−⅛	13.28	10.75
101¼	91⅞	Exch. 10pc 1983	99¾	−¼	10.04	10.56
98¼	07⅛	Funding 5½pc '82-84‡‡	97	−⅛	5 67	9 43
103¼	91⅞	Exch. 11¼pc 1984	100⅝	−⅛	11.19	10.53
107¼	96¼	Exchequer 14pc 1984	103¼	−¼	11 58	11.08
94½	01⅛	Exch. 3pc 1984	93⅛	−¼	3.20	0 81
105¼	91½	Treasury 12pc 1984	101⅝xd	−⅜	11.01	10.76
112	96¼	Treasury 15pc 1985	106⅝	−¼	14.04	11.02
112¼	103	Exch. 12pc Cnv. '85	103¾	−½	11.62	10.12
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

1982/83 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

1982/83 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

1982/83 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Index-Linked & Variable Rate

1982/83 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1982/83 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

1982/83 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH AND AFRICAN LOANS

1982/83 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
98⅞	85¼	Aust. 6pc 1981-83	98¼	.....	6.22	11.45
03¾	57	N.Z. 7½pc 3988-92	79½	.....	9 81	11.98
93½	74¼	Do. 7½pc '83-86	90¼	−¼	0 50	11.95
167	136	S. Rhod. 2½pc Non-Ass.	160	−2	—	—
80	58	Do. 3½pc 80-85 Asstd.	77	...	4.55	15.00
55	32	Do. 4½pc 87-92 Asstd	47	.....	7.54	15 90
402	318	Zimbabwe Ann (£100pa)	325xd	−2	—	19.60

LOANS

Public Board and Ind.

1982/83 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
77½	57¼	Agric. Mt. 5pc '59-89	75¾	−¼	6.70	10.63
38	24¼	Met. Wtr. 3pc '8'....	31¼	−¼	9.50	12.08

LOANS—Continued

Financial

Building Societies

1982/83 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

1982/83 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

1982/83 High	Low	Stock	Price	+ or −	Div. Gross	C'vr	Yld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

1982/83 High	Low	Stock	Price	+ or −	Div. Gross	C'vr	Yld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, H.P. & LEASING

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'w	Yld Gr's	P/E
282	182	ANZ $A1	205	...	028c	3.1	7.8	4.1
315	205	Alexanders D. £1	280	−3	20.0	—	10.2	—
£91	£48	Algemene Fl 100	£90	−½	v026%	φ	7.2	φ
118	75	Allied Irish	115	−3	Q45.3%	4.0	9.0	3.5
164	77	Arbuthnot (H) 50p	94	−1	3.5	—	5.3	—
290	200	Bk. Ireland £1	285	...	Q29.4%	—	9.4	—
3½	2	Bank Leumi	2½	...	—	—	—	—
‡227	130	Bk. Leumi (UK) £1	165	.....	10.15	—	8.8	—

BANKS—Continued

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'w	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'w	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BEERS, WINES AND SPIRITS

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'w	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'w	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'w	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS—Cont.

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'w	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DRAPERY AND STORES

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'w	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICALS

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'w	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICALS—Continued

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'w	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

For Wigfall (H.) see Stores

ENGINEERING MACHINE TOOLS

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'w	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOD, GROCERIES, ETC.

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'w	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOD, GROCERIES—Cont.

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'w	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HOTELS AND CATERERS

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'w	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.)

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'w	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982/83 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
300	75	Falcon Rh.50c	250	.....	Q25c	20.9	6.4
33	16	Wankie Col. Z$1	19	.....	103c	1.2	9.9
78	12	Zam Cpr.SBD0.24	20	.....	—	—	—

Australians

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- ∮ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ∮ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- § No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	52	.....
Bertrams	17¢	.....
Bdg'wtr. Est. 50p	530	.....
Craig & Rose £1	£12	.....
Finlay Pkg. 5p	37	.....
Graig Ship. £1	£19	.....
Higsons Brew.	105	.....
Holt (Jos) 25p	900	.....
I.O.M. Stm. £1	85	.....
Pearce (C. H.)	£14	.....
Peel Hldgs.	176	.....

IRISH

Exch. 15pc 1985	£99¾	.....
Nat. 9¾% 84/89	£85¾	.....
Fnd 13% 97/02	£92½	.....
Alliance Gas	105	-1
Arnott	180	.....
Carroll (P.J.)	95	.....
Concrete Prods.	48	.....
Heiton (Hldgs.)	15	.....
Irish Ropes	28	.....
Jacob	65	.....
T.M.G.	85	.....
Unidare	40	.....

OPTIONS

3-month Call Rates

Industrials

Allied-Lyons	15
BOC Grp.	17
B.S.R.	6
Babcock	10
Barclays Bank	35
Beecham	35
Blue Circle	44
Boots	22
Bowaters	19
Brit. Aerospace	28
B.A.T.	50
Brown (J.)	4
Burton Ord.	24
Cadburys	11
Courtaulds	8
Debenhams	8½
Distillers	20
Dunlop	5½
Eagle Star	30
F.N.F.C.	4
Gen. Accident	30
Gen. Electric	24
Glaxo	45
Grand Met.	28
G.U.S. 'A'	50
Guardian	35
G.K.N.	18
Hawker Sidd.	30
House of Fraser	15
I.C.I.	26
"Imps"	10
I.C.L.	8
Ladbroke	16
Legal & Gen.	28
Lex Service	16
Lloyds Bank	35
"Lofs"	4
London Brick	11
Lucas Inds.	22
"Mams"	12
Mrks. & Spncr	16
Midland Bank	30
N.E.I.	4
Nat. West. Bank	38
P & O Dfd.	14
Plessey	50
Racal Elect.	45
R.H.M.	6
Rank Org. Ord	15
Reed Intnl.	26
Sears	4
T.I.	13
Tesco	8
Thorn EMI	38
Trust Houses	15
Turner & Newall	4
Unilever	65
Utd. Drapery	7
Vickers	12
Woolworth Hld.	18

Property

Brit. Land	7½
Cap. Counties	12
Land Secs.	26
MEPC	17
Peachey	14
Samuel Props.	10
Town & City	3

Oils

Brit. Petroleum	26
Burmah Oil	12
Charterhall	5
KCA	8
Premier	4
Shell	35
Tricentrol	22
Ultramar	42

Mines

Charter Cons.	20
Cons. Gold	40
Lonrho	8
Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm on higher interest rate fears

The dollar continued to improva in currency markets yesterday, underpinned by foars of higher U.S. interest rates. Federal funds overnight rate was quoted at 9 per cent with end of month technicalities and payment of recent Government offerings likely to keep funds tight for the rest of this week. There was also some uncartainty caused by tha current FOMC meeting although the results of this are unlikely to be known for some time.

Sterling finished unchanged overall, losing ground to tho dollar to finish at its worst closing level ever, but improving against most major European currencies.

DOLLAR — Trade weighted index (Bank of England) 123.0 against 123.9 six months ago. The dollar has shown renewed strength as a safe haven for fonds during a time of extreme uncertainty about the effects of falling oil prices and upheaval within the EMS. U.S. interest rates have not fallen as once expected, partly because of the high level of Federal funding, while money supply growth and fears of a tightening of credit policies also remain a problem.

The dollar closed at DM 2.4345 up from DM 2.4160 and SwFr 2.0850 from SwFr 2.0650. It was also higher against the yen at Y240.10 from Y237.0 and FFr 7.2975 compared with FFr 7.2450.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.4540. February average 1.5735. Trade weighted index 78.1 against 78.3 at noon and 78.3 in the morning and compared with 78.1 on Friday and 91.9 six months ago. Sterling remains weak and vulnerable because of uncertainty about world oil prices, as fears continue to overhang the market of a possible price war between Britain and Nigeria.

Tho pound opened at $1.4575 against the dollar and touched a best level of $1.4600 before slipping in the afternoon to a low of $1.4505. However there was some evidance of central bank intervention in the rather thin trading conditions with $1.4500 as seen as a possible support level. Sterling closed at $1.4535-1.4545, a fall of 65 points from Friday's closing level in London. Elsewhere sterling rose to DM 3.5425 from DM 3.53 and SwFr 3.0350 from SwFr 3.0175. It was also firmer against the French franc at FFr 10.6075 compared with FFr 10.58 and Y349.5 from Y346.5.

D-MARK — Trading range against the dollar in 1982-83 is 2.4940 to 2.2410. February average 2.4260. Trade weighted index 131.1 against 125.0 six months ago. Garman economic strength and low inflation compared with many of its neighbours have onre again caused strains within the EMS. The latest realignment gives the D-mark room for renewed appreciation which could be accelerated by the result of the recent general olection.

The dollar rose against the D-mark at yesterday's fixing in Frankfurt to DM 2.4325 from DM 2.4202. Sterling was also higher at DM 3.5420 from DM 3.5310. Within tho EMS tho French franc remained pinned at its ceiling against the D-mark and the Bundesbank was active in tho market selling French franc. The German unit was fixed at its ceiling rato of DM 33.350 per FFr 100 as it was on Friday.

ITALIAN LIRA—Trading range against the dollar in 1982-83 is 1,489.75 to 1,196.00. February average 1,379.86. Trade weighted index 52.4 against 53.5 six months ago.

Gold fell $3¼ an ounce from Friday's close in the London bullion market yesterday to finish at $409-410. The metal opened at $412-413 and traded between a high of $413¾-414¼ and a low of $407-408. After initial support, gold tended to lose ground as the dollar showed a firmer trend.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.3662	44.3598	−0.02	−0.22	±1.5491
Danish Krone ...	8.04412	7.95187	−1.15	−1.35	±1.6419
German D-Mark	2.21515	2.23876	+1.07	+0.87	±1.0567
French Franc ...	6.79271	6.71353	−1.17	−1.37	±1.4018
Dutch Guilder ...	2.49587	2.51533	+0.78	+0.58	±1.4941
Irish Punt	0.71705	0.706784	−1.15	−1.35	±1.6696
Italian Lira	1386.78	1334.52	−3.77	−3.77	±4.1463

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Mar. 28	£	$		£ Note Rates
Argentina Peso...	96,589-96,789	66,360-66,410	Austria...	24.80-20.10
Australia Dollar...	1.6785-1.6805	1.1050-1.1500	Belgium ...	72.00-73.25
Brazil Cruzeiro...	606.9-608.0	415.46-417.84	Denmark ...	18.50-18.02
Finland Markka...	7.9640-7.9790	5.4810-5.4820	France ...	10.55-10.70
Greek Drachma...	120.483-123.699	83.70-84.10	Germany...	3.52-3.56
Hong Kong Dollar	9.79-9.80½	6.7380-6.7430	Italy ...	2085-2115
Iran Rial...	124.30*	85.20*	Japan...	347-352
Kuwait Dinar (KD)	0.424-0.425	0.20265-0.29245	Netherlands...	0.86-3.99
Luxembourg Fr...	70.05-70.15	48.20-48.22	Norway ...	10.48-10.69
Malaysia Dollar...	3.36-3.36	2.3060-2.3080	Portugal...	138-158
New Zealand Dlr.	2.2070-2.2420	1.5390-1.5415	Spain...	188¼-203
Saudi Arab. Riyal	4.9940-4.9995	3.4395-3.4406	Sweden...	10.95-11.05
Singapore Dollar	3.0475-3.0675	2.0975-2.0996	Switzerland ...	3.01½-3.04½
Sth. African Rand	1.5875-1.5890	1.0920-1.0950	United States...	1.44¾-1.46¾
U.A.E. Dirham...	5.3315-5.3380	3.6720-3.6756	Yugoslavia...	106-120

*Selling rates.

CURRENCY MOVEMENTS

Mar. 28	Bank of England Index	Morgan Guaranty Change %
Sterling...	78.1	−41.3
U.S. dollar...	123.0	+12.7
Canadian dollar...	81.0	−17.1
Austrian schilling.	122.2	+31.5
Belgian franc ...	95.1	−0.0
Danish kroner ...	85.1	−8.5
Deutsche mark. ...	131.1	+68.7
Swiss franc...	149.2	+104.7
Guilder...	110.0	+97.2
French franc ...	71.0	−22.4
Lira...	52.4	−59.0
Yen...	144.8	+38.0

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Mar. 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling ...	—	0.738871	0.632962
U.S. $ ...	8½	1.07357	0.920350
Canadian $ ...	9.51	*	1.13020
Austria Sch	3¾	16.4107	13.7473
Belgian F ...	11	51.8785	44.0588
Danish Kr ...	8½	9.29881	7.95187
D mark ...	4	2.61705	2.23876
Guilder ...	4½	2.93820	2.01533
French F...	9½	7.84740	6.71353
Lira ...	18	1560.01	1334.59
Yen ...	5½	257.133	220.426
Norwgn Kr...	9	7.78123	6.06233
Spanish Pta	—	147.340	120.808
Swedish Kr	0	8.10668	6.85375
Swiss Fr ...	4	2.24609	1.92051
Greek Dr'ch	20½	N/A	77.1802

* C$/SDR rate for March 25: 1.32437.

THE POUND SPOT AND FORWARD

March 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4505-1.4600	1.4535-1.4545	0.17-0.12c pm	1.20	0.38-0.33 pm	0.98
Canada	1.7835-1.7900	1.7885-1.7895	0.25-0.15c pm	1.34	0.50-0.40 pm	1.01
Nethlnd.	3.96-3.99	3.97½-3.98½	2⅝-2⅛c pm	7.16	6½-6¼ pm	6.53
Belgium	69.90-70.30	70.06-70.16	12-22c dis	−2.91	35-45 dis	−2.28
Denmark	12.53-12.59	12.56-12.57	3⅛-5ore dis	−4.12	7¾-9¾ dis	−2.71
Ireland	1.1160-1.1230	1.1196-1.1206	0.68-0.90p dis	−8.46	1.68-1.94dis	−6.29
W. Ger.	3.52½-3.55½	3.53½-3.54½	2-1½pf pm	0.93	5¾-4¾ pm	5.79
Portugal	140.75-143.00	141.75-142.75	345-1815c	−91.11	815-2375d's	−42.04
Spain	198.75-199.79	199.10-199.30	120-240c dis	−10.84	380-535 dis	−8.18
Italy	2,096-2,112	2,106-2,108	12-18lire dis	−8.54	37-44 dis	−7.69
Norway	10.47-10.54	10.51-10.52	3-4ore dis	−3.99	8¾-9¾ dis	−3.47
France	10.58½-10.62½	10.60½-10.61½	½-2c dis	−1.41	2½-4½ dis	−1.32
Sweden	10.95-11.02	10.98-10.99	¾ore pm-½ dis	−0.14	¾-1½ dis	−0.41
Japan	346-351	349-350	1.25-1.05y pm	3.95	3.50-3.30 pm	3.89
Austria	24.75-24.95	24.87-24.92	12-10½gro pm	6.33	34½-30½ pm	5.22
Switz.	3.02-3.05	3.03-3.04	1⅞-1⅝c pm	6.43	5¼-4¾ pm	6.59

Belgian rate is for convertible francs. Financial franc 72.20-72.30. Six-month forward dollar 0.54-0.49c pm, 12-month 0.85-0.70c pm.

THE DOLLAR SPOT AND FORWARD

March 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4505-1.4600	1.4535-1.4545	0.17-0.12c pm	1.20	0.38-0.33 pm	0.98
Ireland†	1.2955-1.3020	1.2985-1.3010	0.95-0.85c pm	8.32	2.30-2.05 pm	6.70
Canada	1.2270-1.2320	1.2310-1.2320	0.03c-0.02 dis	0.05	0.03pm-0.02d	0.02
Nethlnd.	2.7280-2.7380	2.7360-2.7380	1.40-1.30c pm	6.82	3.82-3.72 pm	5.51
Belgium	48.17-48.36	48.20-48.22	14-19c dis	−4.19	39-44 dis	−3.61
Denmark	8.6330-8.6525	8.6400-8.6450	3.30-4.30ore dis	−5.27	6.60-7.60dis	−3.28
W. Ger.	2.4245-2.4385	2.4340-2.4350	0.98-0.94pf pm	4.76	2.99-2.94 pm	4.87
Portugal	95.50-98.75	97.50-98.00	250-850c dis	−67.52	450-1450dis	−38.87
Spain	136.65-137.30	137.05-137.15	100-200c dis	−13.16	300-425dis	−10.60
Italy	1,448½-1,451½	1,448½-1,449½	10-14lira dis	−9.93	31-36 dis	−9.11
Norway	7.2275-7.2370	7.2275-7.2325	2-3ore dis	−4.16	7½-8½ dis	−4.42
France	7.2750-7.3050	7.2950-7.3000	1.35-1.75c dis	−2.55	4.20-4.80dis	−2.47
Sweden	7.5450-7.5690	7.5520-7.5570	½-¾ore dis	−0.79	1.90-2.40dis	−1.14
Japan	238.55-240.60	240.05-240.15	0.55-0.61y pm	2.85	1.78-1.71 pm	2.81
Austria	17.10½-17.14½	17.10½-17.11½	8.30-6.90gro pm	4.14	18.00-16.50pm	4.15
Switz.	2.0765-2.0910	2.0845-2.0855	0.95-0.90c pm	5.32	2.95-2.90 pm	5.61

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 49.63-49.73.

EXCHANGE CROSS RATES

Mar. 28	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.454	3.543	349.5	10.608	3.035	3.980	2107.	1.789	70.10
U.S. Dollar	0.688	1.	2.436	240.4	7.296	2.087	2.737	1448.	1.230	48.21
Deutschemark	0.282	0.410	1.	98.66	2.994	0.857	1.124	594.8	0.505	19.79
Japanese Yen 1,000	2.861	4.160	10.14	1000.	30.30	8.684	11.39	6020.	5.118	200.5
French Franc 10	0.943	1.371	3.340	329.5	10.	2.861	3.752	1986.	1.687	66.09
Swiss Franc	0.329	0.478	1.167	115.2	3.495	1.	1.311	694.8	0.589	23.10
Dutch Guilder	0.251	0.365	0.890	87.81	2.665	0.763	1.	529.4	0.449	17.61
Italian Lira 1,000	0.475	0.690	1.681	165.9	5.034	1.440	1.888	1000.	0.849	33.27
Canadian Dollar	0.559	0.813	1.980	195.4	5.929	1.696	2.225	1178.	1.	39.18
Belgian Franc 100	1.427	2.074	5.053	498.6	15.13	4.330	5.678	3006.	2.552	100.

FINANCIAL FUTURES

Eurodollars ease

Euro-dollar prices fell in tho London International Financial Futures Exchange yesterday. Sentiment was influenced principally by a firmer cash market as dealers reacted to fears of higher U.S. interest rates. Recent comments that U.S. interest rates were likely to rise were backed up by a 9 per cent Federal funds rate. This reflected a tightening of funds ahead of the end of the quarter and payment due later this week on a sizable amount of U.S. Government stock. While last Friday's money supply figures showed a fall, there was a growing conviction that the Federal authorities may be implementing a slight tightening process or a taking up of the slack. The current meeting of the Federal Open Market Committee was also an unsettling factor although any concrete indications were unlikely to be seen just yet.

The June Euro-dollar price opened at 90.24 down from 90.41 on Friday with stop loss selling pushing the price down to a low of 90.14. This level attracted some support mainly through short covering and as Chicago came in some five points higher than expected, it touched 90.21 before renewed selling saw it fall back to 90.16. Thereafter rates tended to follow Chicago, finishing at 90.22. Volume levels were relatively higher because of an extra hour trading due to the start of British Summer Time. Initial reactions to this extended dealing time appeared to be favourable with some dealers expressing a wish to see such an extension on a permanent basis. The extra hour applied to all contracts apart from gilts where business finished at tho normal time of 3.15 pm.

Sterling based contracts tended to lose ground, partly on a small rise in cash market rates and also continuing unease over the performance of sterling.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	90.22	90.24	90.14	90.41
Sept	90.02	90.04	89.93	90.15
Dec	89.90	89.90	89.82	90.07
March	89.83	—	—	90.00
June	—	—	—	—

Volume 1,649 (700)
Previous day's open int. 3,617 (3,644)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
June	89.61	89.67	89.52	89.82
Sept	89.67	89.75	89.60	89.93
Dec	89.70	89.75	89.66	89.94
March	89.78	89.80	89.75	90.00
June	89.85	—	—	90.05

Volume 1,043 (412)
Previous day's open int. 2,864 (2,932)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	75-26	76-00	75-19	75-24
Sept	75-08	75-15	75-03	75-08
Dec	74-28	75-02	74-24	74-28
March	74-18	74-25	74-14	74-17
June	74-07	74-13	74-05	74-08
Sept	73-30	74-05	73-30	74-00
Dec	73-23	73-30	73-23	73-26
March	73-17	73-24	73-17	73-18
June	73-12	73-19	73-12	73-14
Sept	—	—	—	—
Dec	—	—	—	73-06

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	91.18	91.22	91.12	91.14
Sept	90.89	91.04	90.97	90.99
Dec	90.86	90.90	90.84	90.86
March	90.69	90.73	90.69	90.71
June	90.53	90.58	90.53	90.54
Sept	90.32	90.35	90.32	90.38

MONEY MARKETS

UK rates edge nervously firmer

UK clearing bank base lending rate 10½ per cent (since March 15 and 16)

UK interest rates were mostly firmer yesterday in the London money market as tho market continued its recent unsettled feel, with sterling showing a weaker trend. However thore appeared to be little real upward pressure on rates with yesterday's movements seen more as a reflex action. The Bank of England ensured a good supply of short-term credit which resulted in overnight interbank money finishing at 1 per cent. Earlier in the day funds had been trading at 10⅞-10⅝ per cent. Elsewhere six-month money was quoted at 10¾-10⅞ per cent up from 10⅝-10¾ per cent while three-month sterling CDs rose to 10⅞-10¾ per cent from 10⅝-10¾ per cent.

The Bank forecast a shortage of around £650m with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills −£534m and the unwinding of previous sale and repurchase agreements −£362m. On the other hand Exchequer transactions added £50m to the system and there was a fall in tho note circulation of £240m. The Bank gave assistance in the morning of £608m, comprising purchases of £41m of eligible bank bills in band 1 (up to 14 days) at 10⅞ per cent and £240m in band 2 (15-33 days) at 10½ per cent. In band 3 (34-63 days) it bought £36m of Treasury bills, £5m of local authority bills and £149m of eligible bank bills all at 10½ per cent and in band 4 (64-91 days) £18m of local authority bills, £51m of Treasury bills and £68m of eligible bank bills (64-84 days) all at 10½ per cent.

The forecast was later revised to a shortage of around £600m and the Bank gave no further assistance in the afternoon.

In Paris the Bank of France cut the official call money rate to 12¼ per cent from 12½ per cent. This followed the latest EMS realignment where pressure on the French franc has eased, giving the authorities a little more room for manoeuvre. The rate had been pegged at 12½ per cent since February 28.

LONDON MONEY RATES

Mar. 28 1983 — Sterling Certificate of deposit; Interbank; Local Authority deposits; Local Auth. negotiable bonds; Finance House Deposits; Company Deposits; Discount Market Deposits; Treasury Bills; Eligible Bank Bills; Fine Trade Bills

Mar. 28 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits
Overnight...	—	1-10⅞	—
2 days notice	—	—	10¾-10⅞
7 days or ...	—	—	—
7 days notice	—	10¾-11	10¾
One month...	11-10⅞	10⅞-11	10⅞
Two months ...	11-10⅞	10⅞-10¾	10⅞
Three months.	10⅞-10¾	10⅞-11	10⅞
Six months ...	10⅞-10¾	10¾-10⅞	10¾
Nine months ...	10⅞-10¾	10¾-10⅞	10¾
One year ...	10⅞-10⅞	10¾-10⅞	10¾
Two years...	—	—	10⅞

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period February 2 to March 1 1983 (inclusive) 11.391 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11⅛ per cent; four years 11¼ per cent; five years 11⅜ per cent. Bank bill rates in table are buying rates for prime paper. Buying rates for four month bank bills 10⅞ per cent; four months trade bills 11⅛ per cent.

Approximate selling rate for one month Treasury bills 10⅝ per cent; two months 10⅝ per cent and three months 10⅝ per cent. Approximate selling rate for one month bank bills 10⅝ per cent; two months 10⅝ per cent and three months 10¾ per cent; trade bills 10⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11¼ per cent from March 1 1983. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rates for sums at seven days' notice 7½ per cent.

Treasury Bills: Average tender rates of discount 10.2272 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 11 per cent; one-three months 11 per cent; three-six months 10¾ per cent; six-12 month 10¾ per cent. Under £100,000 10½ per cent from March 29. Deposits held under Series 3-5 10¾ per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

MONEY RATES

NEW YORK; GERMANY; FRANCE; JAPAN; SWITZERLAND; NETHERLANDS; $ CERTIFICATES OF DEPOSIT; LONG TERM EURO $; SDR LINKED DEPOSITS; ECU LINKED DEPOSITS

FT LONDON INTERBANK FIXING

11.00 a.m. MARCH 28

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on March 28 1983. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviation: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (cv) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.06
Algeria	Dinar	(A) 0.7165
Andorra	French Franc	10.6075
	Spanish Peseta	199.20
Angola	Kwanza	(CM) 48.684
Antigua (S)	E. Caribbean $	3.92
Argentina	Ar. Peso	96,689
Australia (5)	Australian $	1.6795
Austria	Schilling	24.895
Azores	Portuguese Escudo	142.26
Bahamas	Ba. Dollar	1.4540
Greenland	Danish Kroner	12.565
Granada	E. Caribbean $	3.92
Guadaloupe	Local Franc	10.575
Guam	U.S. $	1.4540
Guatemala	Quetzal	1.4540
Guinea Republic	Syli	35.36
Guinea Bissau	Peso	59.45
Guyana	Guyanese $	4.3760
Haiti	Gourd	7.27
Honduras Repub	Lempira	2.9260
Hong Kong	H.K. $	9.7975
Hungary	Forint	50.61‡‡
Peru	Sol	exc(A)1,741.32
Philippines	Philippine Peso	15.81
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.2395
Poland	Zloty	127.46
Portugal	Portuguese Escudo	142.25
Puerto Rico	U.S. $	1.4540

Equity & Law Un. Tst. Mngrs. (a) (b) (c)
Amersham Rd. High Wycombe. 0494 33377

Euro Tst Ac	55.4	59.5	....	1.48

Hexagon Services Ltd.
4 Gt St Helens, London EC3P 3EP. 0708-45322

AustFrrsGw	108.8	109.4	....	2.52
Brewin Cap	71.4	73.3	....	1.34
Brewin Grinc	68.1	71.7	....	3.74
CanGwthFd	94.1	101.4	....	1.09

Lawson Fund Managers Ltd (a) (c) (g)
48 Charlotte Sq. Edinburgh 2. 031-225 6001

Insurances—continued

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar. 0707 42311

Pension Funds			
EqPenFdAc	558.5	585.1	+0.7
Fix I Pen Ac	394.4	413.1	−2.1
GtdMnPenAc	234.5	246.8	+0.1
IntlMnPnAc	238.8	249.0	+0.1
NAmPnFdAc	123.7	130.2	+0.8
Prop Pen Ac	212.0	223.1	+0.1
Mpl Iv PnAc	479.3	504.6	−0.2

Commercial Union Group
St Helen's 1 Undershaft, EC3. 01-283 7500

VarblAcMar 28	—	130.82	....
An Uts Apr 1	—	30.57	....
Prime Series			
Managed	103.3	108.8	+0.1
UK Equity	104.1	109.6	+0.6
Intl Equity	104.5	110.0	....
Property	96.9	102.0	....
Fixed Int	99.7	105.0	−0.6
Indx Lnkd Gt	95.1	100.2	....
Cash	95.9	101.0	+0.1
Hand-in-Hand			
Cash	117.4	123.6	....
Fixed Int	132.0	139.0	....
Property	134.5	141.6	....
Nat West	169.6	178.6	....

Henderson Administration
11 Austin Friars, London EC2. 01-588 3622

High Inc Fd	132.4	139.4	+0.3
Gilt Edg Fd	96.3	101.4	−0.7
Cp Gwth Fd	136.6	143.9	+0.6
Technology	183.4	191.6	+0.6
Nat Res'ces	114.0	120.0	−0.5
Spec Sits Fd	182.5	192.2	+1.8
N Amer Fd	214.7	226.0	+0.3
Far East Fd	157.3	165.6	−0.6
Prop Fd	112.0	118.9	....
Managed Fd	177.1	186.6	+0.3
Far-E Ps Ac	106.8	111.4	−0.4
Deposit Fd	—	—	....
Prime Rs Rp	104.4	109.9	....
UK Eqs Ac	97.2	102.4	+0.6
FxdIntPnAc	98.7	103.9	−0.8
N Am Ps Ac	—	—	—

Offshore and Overseas—continued

CAL Investments (IoM) Limited
10 St Georges St Douglas IoM. 0624 25031

CAL Cm&C	95.8	100.7	....	4.47
CAL Metal	94.4	99.4	....	—

Dealing days every Monday.

CAL Investments (Bermuda) Limited
PO Box 1022, Hamilton, Bermuda

CTR Fd	95.0	100.0	....	—

Dealing days every Monday.

Perpetual U.T. Managers (Jersey) Ltd
PO Box 459, St Helier, Jersey. 0534-74517

Offshr Gwth	$0.99	1.063	....	2.00

Rothschild Asset Management (C.I.)
St Julian's Ct. St Peter Pt. Guernsey. 0481 26741

OC International Reserves Ltd

Bel Frs	BFr828.03	+0.25	11.60
Canadian $	C$35.675	+0.010	7.57
D-Mark	DM50.018	+0.009	3.85
Dutch Guilder	Fls40.540	+0.005	8.48
French Frs	FFr133.99	+0.045	10.52
Italian Lire	134.805	+4.0	17.12
Japanese Yen	Y6,140.06	+0.93	8.90

SECTION IV

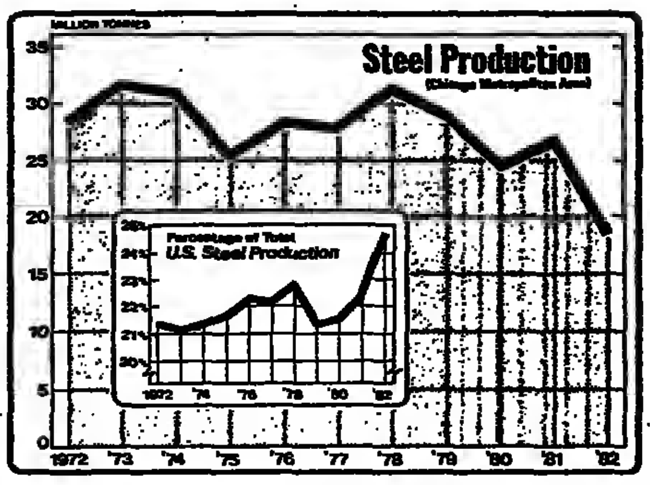
FINANCIAL TIMES SURVEY

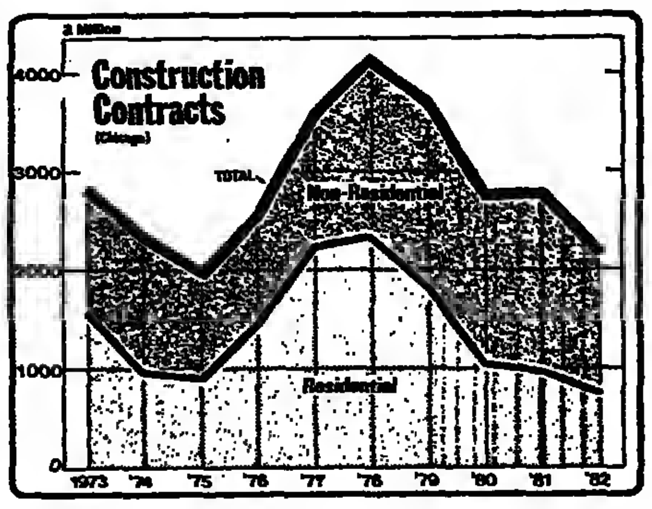
WORLD BUSINESS CENTRES

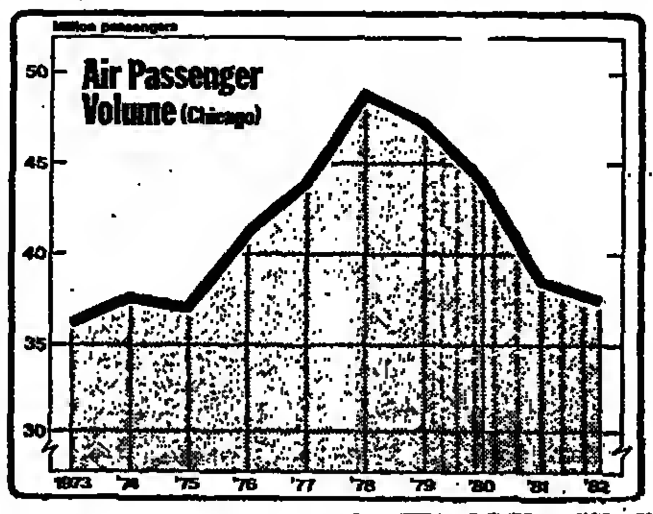
CHICAGO

Set in America's industrial heartland Chicago has felt the brunt of recession. Its growing financial secfor has come to the rescue, however, and the city's vitality is undiminished

SOME ECONOMIC INDICATORS







City shows its fighting spirit

BY RICHARD LAMBERT

CHICAGO is a city in transition. Change is most obvious in the political scene, which has been thrown into turmoil by last month's defeat of Mayor Jane Byrne at the primary stage of the municipal election. But major shifts are also taking place in the economic and social life of Chicago, which have profound long-term implications for its place in the U.S. and international arena.

These trends have been accelerated by the recession, which has hit the city hard. Its long-established position in heavy manufacturing industry has made it particularly vulnerable to the national economic downturn and job losses in the area over the past year or so have been much severe than for the U.S. as a whole. Unemployment is now pushing 12 per cent and Chicago's share of U.S. Gross National Product has slipped steadily to a level under 4.2 per cent.

But while manufacturing industry has been withering, parts of the service sector have shown marked strength—most visible in the big new trading floors being opened by the commodities and options exchanges in the South Loop district.

All five of Chicago's financial exchanges are involved in the development of new trading and clearing facilities and each that opens appears to be bigger and better than the last.

Although manufacturing and construction employment in metropolitan Chicago fell by 79,000 jobs last year to 900,000, the number of workers employed in services, finance, insurance and property climbed by 20,000 to just over 1m.

These changes present big opportunities and some big problems. Chicago is already a major banking centre and despite the well-documented difficulties of its two biggest banks in recent years its role in the international financial comunity is likely to become even more important.

Financial base

One reason is the growth of the financial futures markets, which are playing an increasingly important part in the world's banking system and are broadening their scope to attract new customers, such as equity investors and corporate treasurers. Another is the established strength of its banks. They generate more business loans than their rivals in any other city in the U.S., and over 50 foreign banks have set up shop in Chicago.

Chicago's natural advantages include its position at the hub of the national transport system. Its main airport is the busiest in the world and its share of total air import and export dollars in the U.S. has edged up to 8 per cent over the past decade. It is the country's largest trucking centre as well as an important port, while its rail freight system handles 25m tonnes of manufactured goods a year.

Over a quarter of America's population lives within 500 500 miles of the Loop and unlike Detroit or Pittsburgh, the manufacturing economy is by no means dependent on any one industry. Chicago makes nearly a quarter of the nation's steel, and—among other items—it produces more sausages, machine tools, envelopes and switchgear than any other U.S. city. Wholesalers' revenues in metropolitan Chicago exceed $130bn a year and retail sales come out at around $40bn.

Although its image is of a city with more brawn than brains, it has a larger employment base in what might loosely be called high technology industry than any region apart from Los Angeles. In addition the city has the kind of business infrastructure that goes with being the headquarters town for over 40 of the Fortune 500 companies. Its big law and accounting firms have the depth and expertise to rival those of New York and just about all the major investment banks have a strong presence in the city.

Chicago has other attractions as a place to do business. Its costs, in terms of wage rates plus state and local taxes, compare rather well with those of other major U.S. cities. It is the nation's largest centre for conventions. Its business district has a crackle of excitement in the atmosphere of the kind you might experience in New York but not in many other U.S. cities.

Yet for all its resources and tough resilience, Chicago faces a long haul in adapting itself to changing economic conditions. The closure of its older industries and businesses has been felt most painfully by semi-skilled workers, who are often black or members of other minority groups. Chicago has an extraordinary diversity of ethnic groups. Its total population is just over 3m, of which 1.5m are white and 1.25m black. A fifth of its citizens live in poverty and the divisions between black and white are unusually stark.

Coming elections

The divisions have been underlined by the mayoral elections, which come to a head next month. Mr Harold Washington, who is black, was just about ignored by the business community before the Democratic primary. All the same, he won a surprise victory by pulling together an overwhelming majority of the black vote and since then the city has been full of rumours about possible defections by senior members of the Democratic primary who would never have dreamt of voting Republican until a few weeks ago.

Behind these tensions lies a growing mismatch between the skills of a large proportion of the city's labour force and those which are now being required by its employers. In an ambitious 10-year plan drawn up by Mayor Byrne's administration last autumn this was picked out as perhaps the most significant problem faced by Chicago. The document made it clear that whoever wins the election—and at the time of writing it still seems almost inconceivable that Mr Washington could lose—will have to regard improvements in the education system as a high priority in the years ahead.

In addition, Chicago's physical infrastructure is visibly ageing. Major improvements are badly needed at O'Hare airport—the 10-year plan envisaged a $1bn investment in new facilities. It also called for a further $2.1bn to be spent on other transportation projects and large additional investments in public works and housing.

It is not clear how all this can be paid for. There is little doubt that by drawing on its taxing resources and tightening management controls the City has improved its financial position substantially since 1979, when it faced very large deficits. But its fiscal health has become an important issue during the mayoral race, with Mayor Byrne's claims that Chicago was back on its feet being contested with some force by her rivals.

The city's health is suspect in other respects too. Organised crime remains a major business in Chicago. Moreover, the ethics of the city's administrators also have a feel of the 1930s, reflected in the frequent use of that very Chicago word "clout."

Political 'clout'

As defined by the city's outstanding columnist, Mike Royco, "what 'clout' is in Chicago is political influence, as exercised through patronage, fixing, money, favours and other traditional City Hall methods."

Political patronage was developed into a fine art by the late Mayor Daley and although the political machine is obviously not what it was it still has vast power. The mayor's patronage still extends to several thousand jobs.

Chicago is accustomed to change. It survived in good shape the Indian massacre of 1812, The Great Fire of 1871, the decline of the stockyards and the drift to the Sunbelt. Any doubts about its ability to do the same again can be dispelled by five minutes in the viewing gallery of one of its big futures exchanges. In the milling throngs below you will see the ingenuity, endurance and raw capitalist spirit which has made the city what it is. But Chicago has needed all its resourcefulness in the last year or so—and the testing period is not over yet.

CONTENTS

CHICAGO II

Paul Taylor discusses the contribution of the banks

System in process of transition

BANKING in Chicago is undergoing radical adjustment.

Although the system is still dominated by two giants—Continental Illinois and First National Bank of Chicago—it is in process of transition. Both Continental Illinois and First Chicago have suffered serious setbacks in the past four years, the consequences of which are being felt.

Meanwhile, as the regulatory barriers within the banking sector and the financial services industry crumble, new competitors are emerging. In the case of Chicago and the State of Illinois the process is particularly traumatic. This is because of a number of special factors:

- The Chicago banks, at the centre of both the U.S. industrial and agricultural hinterland, have been forced to adapt to changes in the economy earlier than some of their other U.S. counterparts.
- The location, economy, commodity and financial exchanges in Chicago have acted as magnets for both international competition and for competition from representative offices of other major U.S. money centre banks.
- *Until recently Illinois was a* "unitary banking state." That meant that banks were allowed to operate only a very limited branch network. Those rules are changing, throwing up new opportunities and local competition.

These factors have also encouraged Chicago banks to looks outside their immediate environment for business and in some cases to establish international operations or develop particular niches within the local banking system.

They also explain why most bankers in Chicago admit that they could not have foreseen a decade ago the changes now sweeping the market and are cautious about the future.

The unitary banking system has created an overabundance of small banks. Illinois has about 1,300 banks; the Chicago metropolitan area itself has 405, together holding over 78 per cent of domestic deposits in the state.

Some Chicago banks have effectively abandoned the consumer banking market or are thinking of doing so. Those that remain also face stiff competition from other non-bank institutions.

There are 186 savings and loan associations in the Chicago Metropolitan area bidding for the individual saver's dollar. In the poorer city areas pawn shops and currency exchanges—unregulated money changers which will do everything from *discounting* a pay cheque to selling travellers cheques—have effectively replaced the cash services of banks.

Unofficial source

As elsewhere in the U.S. the supermarket or grocery shop is also often an unofficial source of money. *The shops* are willing to cash personal cheques, for those with bank accounts, over and above the value of purchases.

This environment could change in the future. While First Chicago has always had a strong consumer banking presence, Continental Illinois, because of its recent problems, has recently discovered the relative attractions of new high interest money market accounts as an alternative source of funds to the money markets.

But perhaps more important, since the start of last year banks have been allowed to operate a branch network. While restrictions still apply, specifically banks can only acquire other banks in two contiguous geographical areas.

The new rules have already resulted in a number of acquisitions and the formation of new multi-bank holding companies. At the end of 1982 20 multi-bank holding companies involving 30 banks had been approved.

So far the process is still in its infancy. Many bankers in the City of Chicag profess lack of interest in acquisition; others say local neighbourhood bankers have harboured an inflated idea of the value of their banks.

But the mould is set. Bank analysts in Chicago believe that the pace of acquisition and conglomertion is about to pick up. Some suggest that within five years the number of banks could have been reduced by a quarter.

The arrival of new competition from outside the state is also forcing a change in Chicago bank attitudes. The local industrial and agricultural base can no longer be considered the preserve of local banks alone.

Several U.S. money centre banks now have local operations, mostly in loan production offices, in Chicago and they are muscling in on the market.

In their wake have come the foreign banks. Today there are 58 foreign banks operating in Chicago, plus one UK merchant bank, Kleinwort Benson.

Algemene Bank Nederland, the Dutch Bank, owns La Salle Bank, the sixth largest in the city. A few weeks ago in a daring move Fuji Bank, second largest in Japan, outbide and outmanouvred Security Pacific, the 10th largest bank in the U.S., with a $425m bid for the two commercial finance subsidiaries of Walter E. Heller International, the Chicago-based group.

That planned acquisition has also hung a big question mark over the future of Heller's other major subsidiary, American National Bank, fifth largest in the city. American National will have an enviable range of options when the purchase is completed. It could make acquisitions of its own, pay off all its long-term debts and still have $200m left over—or realise its assets through a sale of the bank itself.

The significant advantage U.S. money centre banks and their international counterparts have over local banks is that they can often fund their subsidiaries with cheaper money. The indigenous banks would also argue that the "outsiders" sometimes lack experience of the local market.

But there is almost certainly room for a full range of banks in Chicago. For example, while Credit Agricole, the French bank, has carved out a particular niche in the agro/industrial loan business and is exploring the opportunities provided by the Chicago futures exchanges, Harris Bank, third largest in Chicago, has emerged with the third largest foreign exchange operation in the whole of the U.S.

Rebuilding base

For their part the two largest banks in Chicago are also adapting to the new environment. First Chicago, having taken a tumble in the 1970s, is busy rebuilding its base, its profits and its confidence.

Continental Illinois is at the start of a similar process, having suffered embarrassment and a sharp earnings decline last year mainly as a result of its dealings with a small Oklahoma bank called Penn Square which, like Continental, had perhaps grown too fast.

What is certain is that no matter who the players may be the banks and the wider financial services sector have a crucial role to perform in the Chicago money marketplace of the future.

BANK LENDING BY INDUSTRY
($m—December 29 1982)

Durable goods manufctrg.	3,311
Non-durable goods Mfg.:	
Food, liquor & tobacco	639
Textiles, apparel & lthr.	286
Petroleum refining	313
Chemicals and rubber	456
Other	484
Mining (including crude oil and natural gas)	6,289
Commodity dealers	226
Other wholesale	982
Retail	921
Transportation	1,723
Communication	756
Other public utilities	301
Construction	677
Services	3,385
Other	631
Total	22,398

Source: Federal Reserve Bank of Chicago 1983.

Tier of neighbourhood banks

BANKERS in Chicago have learned that small, as well as big, can be beautiful—and sometimes very profitable.

Illinois State legislation has resulted in a proliferation of small town banks and local savings and loans associations (S and Ls). Indeed if numbers alone were a measure of choice Illinois bank customers would be spoiled for it.

In fact, however, the market has split into a number of distinct segments catering for specialised markets. In Chicago they call it "niche banking."

With important exceptions like First Chicago mass consumer banking has been left to the local neighbourhood banks, the S and Ls and the currency exchanges. Although most Chicago banks do maintain a retail banking operation they are increasingly tailoring the service to attract only the wealthier individual.

At the same time most smaller and medium-sized banks are refining their corporate banking business, typically targeting one particular section of the market—often the middle market. Some banks have emphasised international banking, foreign exchange and other forms of trading while others have developed and expanded their trust departments.

Service quality

Below Continental and First Chicago is a tier of regional, medium and small banks, all of which place a *premium* on quality of service rather than quantity. These include Harris Trust and Savings Bank, Northern Trust, American National Bank and Lasalle Bank.

Harris Bank. With assets of $17.14bn at the end of last year is the third largest bank in Chicago and the 31st largest in the U.S. A 20 per cent increase in earnings last year also confirmed it as one of Wall Street's favourite regionals.

Harris, which has a reputation as a cautious yet forward-looking bank, has recently undergone a major strategic self-appraisal which has confirmed its strategy of developing *particular expertise* in specialised markets.

The bank is already credited with having the third largest foreign exchange operation in the U.S., has recently begun offering a discount brokerage service to its target up-scale retail clients and is shortly expected to receive approval to set up a commodity futures trading subsidiary.

Like several of its peers it has taken advantage of the new relaxed banking rules to acquire two local banks. Harris is sometimes spoken of as a potential takeover target, particularly should interstate banking regulations crumble, but 25 per cent of the bank's shares are still controlled by the Harris family.

The bank has relatively extensive overseas operations, including a branch in London. Last year international banking services contributed $5.8m or 14 per cent of earnings.

Harris has a Mexican loan exposure of $101m, or 1.9 per cent of total loans, something less than one-third of that out to Brazil and $11m out to Poland.

Northern Trust. The fourth largest bank in Chicago, with assets of $6.3bn, suffered an earnings setback last year largely as a result of a big increase in loan loss provisions and higher operating expenses following its acquisition of suburban banks in Illinois.

Non-performing loans increased from $54m to $137m, while the loan loss provision was increased $30m for the year. Fourth quarter charge-offs totalled $15m, including $2m related to Penn Square Bank, *$4m in other* energy loans and $7m to the Mexican private sector.

The bank has a loan exposure to Mexico of 2.2 per cent of total assets, or about $138m, about $44m out to Brazil, $12m to Argentina and "less than" $2m to Yugoslavia.

The decline in earnings last year, which followed a record year in 1981, came despite higher net interest income, bond trading profits and trust fees, which reached $73m last year, a 23 per cent increase.

American National. This is the bank everyone is speculating about. Assuming the Fuji acquisition of the Heller commercial finance subsidiaries is completed later this year American National will be the only major remaining unit of Walter E. Heller International—and it will have an enviable cash chest.

Wall Street, and the Chicago business community, had been existing Heller to sell the bank rather than the commercial finance units. With $425m from the sale to Fuji, Heller will have a wide range of options for the bank.

Among these, say Heller executives, will be paying off American's $228m in long-term debts, hitting the acquisition trail for itself, or selling the bank and realising its assets for the shareholders.

Heller and American National are keeping everyone guessing. This could reflect the unhappy experience with Midland Bank in 1979 which signed a letter of intent to buy the whole of the Heller group and then withdrew the offer in favour of purchasing its controlling stake in Crocker National Bank.

American National is already in the process of buying three local banks but Mr Keen Eddington, its president, says "no decisions on the future have yet been taken."

The bank, which Mr Eddington describes as being "particularly deposit-orientated," has been growing quickly in recent years. With assets of $3.21bn the bank is the 80th largest in the U.S. but has the 35th largest trust department and has carved out a special niche serving pension funds.

Lasalle. Owned by Algemene Bank Nederland since 1979 Lasalle, according to other Chicago bankers, has "been going nowhere fast." They attribute the problem to a lack of strategic direction.

Loss provisions

Last year earnings slipped 16.6 per cent, although this largely reflected much lower tax credits than in 1981. At the pre-tax and security trading level earnings increased from $4.43m to $4.92m. The 1982 earnings also reflected a significant increase in loan and other real estate loss provisions reflecting the adoption of "an even *more conservative* approach to the management of our loan portfolio."

Outside these four medium-size banks are hundreds of smaller banks in the Chicago market. Amalgamated Trust and Savings is one. The bank has assets of about $223m and was a trade union bank at one stage. It continues to specialise in banking for unions — and local law firms.

Amalgamated has a lending limit of $1m and Mr Ira Frank, a former American National man who is now president of the bank, says "a $600,000 to $700,000 loan is a big one for us." *Nevertheless* the bank is very profitable. According to Mr Frank, return on assets last year was around 1 per cent even though the bank is nowhere near "fully loaned up."

How many of the smaller banks will survive the expected shake-out in Chicago banking is a question which few in the Community are quite ready to answer.

Mr B. Kenneth West, president of Harris, is sure there will be fewer banks through a process of consolidation and acquisition. He points to the formation already of several large multi-bank holding companies which have been put together since banking regulations were eased.

One such "peer group" merger involves 20 banks with total assets of $1.4bn which have come together in the Oberwertman group. More moves of a similar nature are expected. Indeed Mr West believes that given the aggressively competitive nature of the market there could be mergers among some of the medium-sized banks as well, "just to reach the greater critical mass" he thinks is needed in the current market.

Nevertheless, he adds, "there will be quite a few independent banks surviving and prospering just because they are well managed." As for Harris, he says: "We may not survive but it will not be because we cannot compete in providing high quality service."

FACTS ABOUT THE LEADING BANKS

	Continental Illinois	First Chicago	Harris Bank Corp.	Northern Trust	American National	Lasalle
Assets $bn end-1982	42.899	35.88	7.14	8.3	3.21	1.25
Earnings before securities transfers $m 1982	84.4	144.0	40.1	33.62	28.01	5.61
Earnings before securities transfers $m 1981	260.3	122.1	33.4	33.62	28.01	6.72
% change on year	−67	+18	+20	−11.8	+12	−16.6
Non-performing loans for end-1983 $m	1,900	846.7	82.2	137	57.83	37.53
Per cent 1882 non-performing loans of total loans	5.6	3.8	2.0	4.03	3.9	N/A
Per cent 1981 non-performing loans of total loans	1.9	2.7	1.11	1.62	3.3	N/A
Loan loss reserves end-1982 $m	381	203.1	35.0	35.16	15.32	7.4
Per cent of total loans	1.11	0.92	0.87	1.03	1.1	1.07
Per cent return on average assets 1982	0.18	0.41	0.54	0.51	0.99	N/A
Per cent return on average equity 1982	4.9	10.73	10.87	9.95	17.28	N/A

Convalescence for the two majors

CHICAGO'S two major money centre banks, Continental Illinois and First National Bank of Chicago, are both convalescing. Each has taken a recent tumble. Their images as much as their earnings have been dented and they are currently devoting their energies to the healing process.

First Chicago, the eleventh largest bank in the U.S. with year-end assets of $35.9m, is further along the route to recovery, having been the first to stumble. The bank's problems date back 10 years, starting with a phase of rapid growth in the early 1970s which led to an uncomfortably high level of non-performing loans and a new management style under Mr Robert Abboud in the late '70s.

But the worst was still to come. While the bank lost customers, and staff, slipping back to a distant second against its arch-rival Continental Illinois, it took a gamble on a fall in interest rates which never happened.

A highly publicised and acutely embarrassing boardroom upheaval followed. In 1980 Mr Abboud was fired and Mr Barry Sullivan, then 49, and a former Chase Manhattan banker for 23 years, was hired as chairman.

Mr Sullivan describes the recovery he has masterminded as being half complete. The loan portfolio has been overhauled, as has the management structure, and there are signs that the process is beginning to pay off.

Last year First Chicago reported a 17.9 per cent increase in operating earnings to $144.02m from $118.71m the year before, bolstered by a substantial increase in net interest income. The bank's return on assets has improved to 0.41 per cent from a low of 0.23 per cent in 1980 and the return on equity last year was a respectable 10.73 per cent compared to 5.53 per cent in 1980.

There is still some way to go. The bank's non-performing loans increased from $564m in 1981 to $847m last year, representing 3.8 per cent of total loans. The reserve for credit losses at $203m represents 0.92 per cent of total loans.

First Chicago has a lower loan exposure to some of the financially troubled developing countries than many other money centre banks. However, it does have a Mexican exposure of about $865m, or 2.6 per cent of total outstandings, and a Brazilian exposure of about $700m or about 2.1 per cent of total outstandings. In both countries over 60 per cent of the loans are to the public sector.

Mr Sullivan said recently in London that the bank's future international strategy is likely to focus on strengthening its local overseas operations rather than continued reliance on cross-border lending. He also warned that U.S. corporate lending risks may be slightly higher this year.

Continental Illinois, the seventh largest bank in the U.S. with assets of $42.8m, is currently the largest lender to corporate America.

Trimming loans

Battered and bruised from its experiences last year the bank is in the process of trimming loans and staff and returning to banking basics. The bank, which had adopted an aggressive growth strategy around the time problems surfaced at First Chicago, suffered a sharp reversal in profits last year and a serious blow to its pride.

The bank's problems mirrored those of some of its industrial clients but the real body blow was dealt by the failure of Oklahoma City's Penn Square bank last July. Continental had bought $1.05bn in energy loans from Penn Square.

As a result loan losses soared and non-performing loans almost tripled to $1.9bn or 5.6 per cent of total loans compared to an industry average of around 2 per cent. Of the non-performing loans $595m related to Penn Square.

Despite signs of a slight improvement in the third and fourth quarters last year the bank ended the year reporting a 67 per cent decline in operating earnings to $84.4m and a slim 0.18 return on assets and 4.9 per cent return on equity.

In the aftermath Continental, led by Mr Rodger Anderson, its chairman, and Mr John Perkins, president, has started picking up the pieces. A new credit risk evaluation department has been set up and internal lending controls have been tightened.

Mr Anderson believes that barring unforeseen developments on the international front, where Continental is considerably less exposed than most major U.S. banks, it should be possible to reduce problem loans by about $500m this year.

Neither he nor Mr Perkins minimise the problems that Continental faces. The bank was forced last year to drop out of the "run" of major money centre banks whose certificates of deposit are interchangeable and is still paying a ⅛ per cent premium for its funds—although the gap is narrowing.

Offsetting this, Continental has been particularly aggressive — and, it claims, successful — in attracting customer deposits to its new money market accounts. While these accounts are a more expensive source of funds than ordinary savings or current accounts, for Continental they represent an important new channel.

Mr Perkins, like Mr Anderson, believes earnings should improve this year. The bank has set a target for operating earnings of $150m. This, however, is still far short of the $260.3m which the bank earned in 1981.

Two months ago Mr Anderson outlined a six-point recovery plan in what amounted to a morale-boosting "pep talk" for bank staff. He told his audience that 1983 was a year "to move Continental forward. This is the year for all of us to combine our efforts and get behind the bank with money, marbles and chalk."

The six fundamental points he outlined were to lift earnings; improve credit quality; build and diversify the bank's source of funds; control leverage and maintain Continental's strong capital position; limit non-interest expense and, finally, improve personnel management.

For both Continental and First Chicago much will depend on the pace and strength of the economic recovery and on the interest rate outlook for their commercial and industrial clients.

Foreign banks find market to their liking

Foreign banks, in a series of bold moves, have helped transform Chicago in the last decade into a major international banking and finance centre.

Just a few weeks ago Fuji Bank, Japan's second largest bank, made the latest and certainly one of the most daring moves into the Chicago market by outbidding and outmanoeuvring Security Pacific, the 10th largest bank in the U.S., with a $425m bid for the two commercial finance subsidiaries of Walter E. Heller International, the Chicago-based financial group.

Fuji, in common with 57 other foreign banks, already had a presence in Chicago, attracted there by the geographical location, the potential for wholesale banking business and the existing futures exchanges.

Most of the foreign banks have until now, like Fuji, concentrated on going after big businesses — the Fortune 500 companies, a fair sprinkling of which have their headquarters in Chicago itself. These banks, free from some of the lending limits placed on U.S. banks (10 per cent to one borrower), and with the financial muscle to obtain funds at relatively cheap rates in the U.S. domestic or in international markets, pose real competition to the major domestic Chicago banks.

They are now turning their attentions to the so-called "middle market," generally defined as companies with revenues from about $50m a year to around $200m a year.

Herr Hermann Buerger, vice-president of Commerzbank, which was the first West German bank to arrive in Chicago (in 1974), summed up the basic rationale behind the influx of foreign banks into Chicago. "This market has a wide and deep industrial base presenting many opportunities," he said.

Like other major foreign banks Commerzbank concentrated initially on the large multinationals but has subsequently turned its attention to some of the smaller industrial companies. "Now we try to identify prospects regardless of size," said Herr Buerger.

Mr Laurie Warner, senior vice-president of National Westminster's branch agrees. National Westminster, which opened its Chicago marketing office 10 years ago this June, is involved in a broad spectrum of banking business including basic commercial lending, foreign exchange trading and trade finance.

Best suited

"Historically we looked at multinational and Fortune companies," he said. These companies were best suited to the bank's cautious and conservative credit risk policy.

However, National Westminster has also broadened its Chicago operations at what Mr Warner describes as a "controlled pace." Having started with two people in the office the bank now has a staff of 45.

Like other major foreign banks in Chicago, National Westminster has used the location as a stepping off point for business in the Mid-West. But unlike some of the other overseas banks National Westminster has "through a bit of luck and conservative lending policy" managed to avoid some of the more well publicised problems of industrial credits.

Not all the foreign banks have been so fortunate. Most of the European banks have some non-performing loans out to Harvester and some of the other troubled Mid-West companies.

These include Barclays, which has a major Chicago operation through Barclays Bank International (BBI). While the main thrust of foreign banking activities in Chicago has been in wholesale banking some foreign banks, like BBI, have flirted with other activities.

BBI opened a High Street banking operation in 1973 on the ground floor of its offices as part of a broad banking strategy but subsequently decided to abandon retail banking and concentrate on wholesale activities.

While most foreign banks have their main U.S. offices in New York, Credit Agricole, the French Bank — a relative newcomer to the market, having arrived in 1979 — set up its U.S. headquarters in Chicago.

The French bank now runs a Chicago branch, an International Banking Facility and its Cayman Islands activities out of Chicago and has built up a $750m loan portfolio. About 35 per cent of the portfolio is agriculture-related, with the balance in wholesale industrial and commercial loans.

Mr Patrick Brennan, Credit Agricole's Chicago branch manager, has also steered the bank into other activities and in particular into tapping the oportunities offered by the Chicago financial futures markets.

The futures market provides the bank with a valuable hedging potential, says Mr Brennan. "We are trading for our own account," he says. However, he sees other opportunities in Chicago like the possibility of trading in the commodity futures market—although Mr Brennan rules out such a move at present "simply because there is no money to be made there."

Like Credit Agricole, Kleinwort Benson, the only UK merchant bank with Chicago offices, has also found a particular niche in the Chicago markets.

Borrowing at Libor rates in the Euromarkets and then lending at prime in the U.S. has its obvious attraction when, as Mr Neil Redpath of Kleinwort points out, Libor has often been two percentage points below prime for "50 weeks out of the year."

Kleinwort has begun expanding the range of services it can offer its U.S. clients. For example, the bank has provided secured financing, sometimes taking an equity stake, and has helped fund leveraged buy-outs in addition to the more traditional business of providing export credits.

The bank has also been actively trying to boost its fee income through, for example, arranging London listings and Eurodollar issues.

Overall, foreign banks have found the Chicago market to be profitable and therefore the number represented there is likely to keep growing. But most foreign bankers agree that there is a danger of saturation and expect the pace of new entrants into the market to slow.

The foreign banks which have already arrived are likely to continue to broaden their perspectives and their target clients. Chicago has proved it has room for this growth.

FOREIGN BANKING OFFICES
(Ranked by asset totals September 30 1982)

		Total assets ($m)	Country of origin
Mitsubishi Bank	IBF†	1,233	Japan
Fuji Bank	IBF	1,051	Japan
Sanwa Bank	IBF	688	Japan
Banco di Roma	IBF	565	Italy
Banca Commerciale Italiana	IBF	563	Italy
Credit Agricole (CNCA)	IBF	531	France
Sumitomo Bank		358	Japan
Commerzbank	IBF	327	West Germany
Banque Nationale de Paris	IBF	321	France
Barclays Bank International		313	UK
Banca Nazionale del Lavoro	IBF	312	Italy
Dai-Ichi Kangyo Bank	IBF	310	Japan
Union Bank of Switzerland		258	Switzerland
Swiss Bank Corporation		244	Switzerland
National Westminster Bank		232	UK
Credit Lyonnais		225	France
Dresdner Bank		202	West Germany
Lloyds Bank International	IBF	200	UK
Union Bank of Bavaria		195	West Germany
Banco de la Nacion Argentina	IBF	183	Argentina
Tokai Bank	IBF	131	Japan
Banque Indosuez		120	France
Algemene Bank Nederland		119	Netherlands
Societe Generale		118	France
Standard Chartered Bank		97	UK

Source: State of Illinois, Commissioner of Banks and Trust Companies. † International banking facilities.

Much interest centres on the fortunes of the futures and options exchanges. **Richard Lambert** reports

Competition breaching boundaries

CHICAGO'S FUTURES and options exchanges are entering a new and more competitive era. Business continues to boom and the three main exchanges are flaunting their prosperity. The Board of Trade completed its hig new trading floor last year, the Mercantile Exchange moves into its new building next Thanksgiving and the Chicago Board Options Exchange is due to open its 45,000 sq ft trading floor in the spring of 1984.

But there are some worried frowns behind these glamorous new facades. In the past the three exchanges have largely kept to their own ground end have seldom competed head-on with similar products. But the traditional dividing lines in the U.S. financial sector have been blurring rapidly in the last year or so and the impact is being felt in Chicago.

The most obvious example is the way that futures traders are moving into the equity business—the stronghold of the options exchange—by offering futures contracts linked to equity indices. The Chicago Mercantile Exchange has hed a spectacular success with its futures contract linked to the Standard and Poor's 500 Index, which was introduced last spring, and has followed that up with an option contract on the S and P 500 future.

There are those in Chicago who believe that the equity business offers as much scope for growth in the 1980s as the financial futures contracts generated in the 1970s. Equity investors who previously ignored the futures exchanges are now actively exploring a whole new range of possibilities, with mejor implications for the structure of the market place.

Salesmen

Thus the Chicago Board Options Exchange recently completed a study of major member firms which showed that so far only e small proportion of their salesmen had become qualified to do business on the futures exchanges. But a very hig increase was in view over the next 12 months—a trend which the Options Exchange, which largely exists on its equity business, must have found distinctly worrying.

There has also been a shift in power between the two big futures markets. Although the Mercantile Exchange has been steaming ahead with obvious confidence, the Chicago Board of Trade has been through a traumatic 12 months, with the pressures reflected in high level internal wrangling at the exchange. It is still the market leader, but it had a real shock in 1982 when overall volume fell by 1.6 per cent as a result of a 14.7 per cent decline in agricultural business. And morale has been further damaged by its failure to introduce an equity contract to rival the Merc's.

The Board of Trade now has a new chairman and a long list of new products in the pipeline. The Options Exchange is also moving into new areas; earlier this month it launched e cash settled index option, which is tied to its own CBOE 100 Index of top blue chip equities. The Merc is also planning a string of new products, and the three exchanges will increasingly be offering directly competitive products in the next year or two.

None of them can afford to sit back and let the others steal a march. Traders in Chicago gravitate to where the action is — there is extensive cross-membership between the exchanges — and the success of a particular contract is in direct proportion to the volume of business which it generates. Liquidity begets liquidity, they say in Chicago, and there is no more depressing sight than a trading pit which is not doing much business. If one of the big exchanges were to lose its momentum, it could all too quickly wither away.

There are already signs that increasing competition could lead to institutional changes in Chicago. For example, the Options Exchange, which is regulated by the Securities and Exchange Commission, has been considering the possibility of moving into the futures business by taking over the struggling New Orleans Commodities Exchange. This would enable it to register with the Commodity Futures Trading Commission and to offer a vehicle for trading commodity-type contracts.

Enthusiastic

At the same time the Options Exchange has been talking to the Board of Trade about the possibility of co-operating in the stock index game. Specifically, it would dearly like the Board to trade futures in the CBOE 100 Index. Not too much love has been lost between these two markets in recent years, but senior officials in both camps are now enthusiastic about the scope for co-operation. To keep the kettle boiling the Board of Trade has just started trading options on the Value Line stock-index future, in co-operation with the Kansas City Board of Trade which originally introduced the Value-Line contract.

Meanwhile the Mercantile Exchange has given a clear sign of where it thinks the future lies by hiring a new chief operating officer, William Brodsky, who came from the American Stock Exchange where he had extensive experience in the traded options market. One of his first steps has been to adjust the trading practices in the S and P futures to make them more familiar to investors whose experience has been limited to the traditional equity markets as opposed to the commodities exchanges.

Capitalism comes red in tooth and claw in the trading pits of Chicago's big exchanges. In the next few years the trading institutions themselves may well be locked in a struggle for the survival of the fittest.

CHICAGO BOARD OF TRADE

Recovering its poise

THE Chicago Board of Trade is recovering its poise after a year during which its share of the U.S. futures business plunged from 50 to 43 per cent. For e start, a recovery in the depressed grains sectors has helped to push overall volume up by 22 per cent in January and 20 per cent in February.

In addition, the Board has a new chairman, Thomas Cunningham, whose regime seems unlikely to be as controversial as that of Leslie Rosenthal, his hard-driving predecessor. The price of seats on the exchange has rallied, although it is not back to its previous peak. Moreover, the Board of Trade can still lay claim to the most heavily traded contract in the world: U.S. Treasury Bond futures.

"The Treasury Bond is our star — and is also our most vulnerable point," says Mr Cunningham. "We've got 500 people standing out there in the pit and what we are trying to do is find new products for when interest rates flatten out."

The Board has other reasons for wanting new products to trade. For one thing, it was badly shaken last year by the success of the Merc's S and P 500 contract. Mr Cunningham claims that many of his members who deserted the ship to trade the new index future heve since come back with their fingers burnt. But the Board of Trade clearly needs to get established quickly in this business, before the Merc has established an overwhelming lead.

Membership

Moreover, the Board of Trade substantially increased its potential membership last year, e move that was bitterly opposed by many market participants. It now has some 2,300 dues-paying members and the total could rise to around 4,000 under various participation rights. The idea was that the Board should lay on whet Mr Cunningham calls a "smorgasbord of financial instruments" to keep all these traders busy.

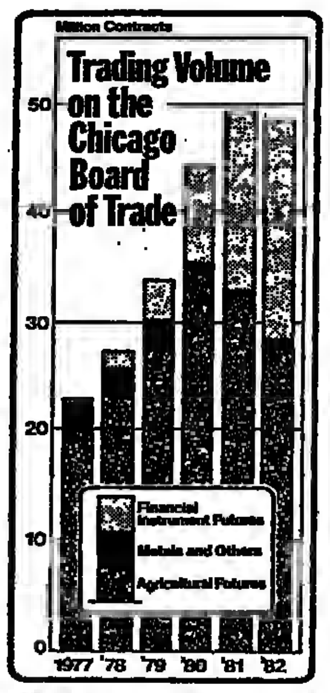
So far, however, the Board of Trade's attempts to jump on to the stock index bandwagon have been frustrated by e court battle with Dow Jones and Co., which is strongly opposed to its indices being used as the basis for a futures contract. Mr Cunningham still bopes to be allowed to offer a Dow-based product but as a fall-beck plan the Board of Trade is also working on its own index based on 50 blue chip companies and has been talking to the Chicago Board Options Exchange ebout the possibility of developing a contract based on the new CBOE 100 Index.

It is also trying to find a contract geared to meet the needs of traders in the short-term credit markets. Having flopped with commercial paper, certificates of deposit and two-year notes, it is now seeking approval for a new repo contract.

Also on the drawing board, says Mr Cunningham, are options on agricultural products—"they'll give the farmer control over his end-product like be's never had before"—and a new kilo gold contract.

But it seems that main bopes are being pinned on a new type of business altogether. The Board of Trade bas recently started trading an unleaded gas contract and claims that it is rapidly gaining popularity among distributors in the petrol industry. Approval is now being sought for a crude oil contract and that—according to Mr Cunningham—has unlimited potential. "It could be as powerful as the financial instruments," he says hopefully and cites the attractions to an airline or a transport euthority of being able to lock in its fuel costs for a year ahead.

For all this activity, the new chairman's main priority is "to get this AG market going again." With that in mind exchange officials have been examining the maximum position limits on corn, wheat, beans and oats. This is only tinkering with the problem. The key question is whether the recent upturn in trading activity—which seems to have stemmed from speculation about the impact of the Reagan Administration's Payment-in-Kind programme and volatility in commodity prices generally as a result of weakening oil prices—will be extended into a full-blooded recovery in the key grain markets.



Helped by recovery in the grains sector overall volume so far this year is up by 20 per cent

CHICAGO MERCANTILE EXCHANGE
(Volume of futures trading)

	1982	1981
Fresh eggs	18	13
Potatoes	9	973
Live hogs	3,560,974	2,258,083
Pork bellies	2,811,674	1,997,697
Live cattle	4,440,992	4,282,293
Broilers	2,118	20,048
Lumber	516,619	636,090
Plywood	35	386
Feeder cattle	603,769	620,885
British pound	1,321,701	1,491,102
Canadian dollar	1,078,467	475,585
Deutschemark	1,792,901	1,654,891
Japanese yen	1,782,246	960,598
Mexican peso	65,036	18,905
Swiss franc	2,653,332	1,518,767
Dutch guilder	128	4
U.S. silver coins	1	6
French franc	16,474	2,080
Gold (100 oz)	1,533,466	2,518,435
T-Bills (90-day)	6,598,848	5,631,290
Domestic CD (90-day)	1,556,327	423,718
Eurodollar (3-month)	323,619	15,171
S & P 500 index	2,935,532	—
Total	33,574,286	24,527,020

CHICAGO MERCANTILE

Run of winners

WHILE the Board of Trade was faltering last year the Chicago Mercantile Exchange fairly leapt ahead with a 37 per cent rise in the number of contracts traded. That took its share of total futures industry volume up from 25 to 30 per cent. In January and February this year, its business jumped by an astonishing 50 per cent.

This growth is partly thanks to good luck. The Merc's agricultural business is geared to meat, where the level of activity has been much stronger than in the grains which are the Board of Trade's speciality. Business on this side climbed by nearly a quarter at the Merc last year.

Good management has played an important part too. The Merc committed itself much more aggressively to the financial futures concept and has been expanding this business at a hectic pace in the turbulent times of the past decade. The Exchange has built up a very large volume of currency related business and has also done very well in three month Treasury bills.

The latest smash hit is in the equity area, with the S and P 500 Contract. Although it was not the first into the field with this type of product the Merc has grabbed about three-fifths of the market in this sector of trading, and latecomers like the Board of Trade will find it very difficult to dislodge the Merc from its established position of strength. Under its deal with Standard and Poors the Exchange has the right to introduce just over a dozen other S and P-index-related contracts, which will take it down into individual sectors of the equity market.

While the Board of Trade has had only one major new success in recent years—the Treasury Bond—the Merc has had several. One explanation lies in its keen approach to marketing, which extends to its own members as well as to the public. Loudspeakers come on at regular intervals in the day with messages urging traders to give a little time and money to a new contract. "We really badger them," says Brian Monieson, chairman of the Exchange, whose commitment to marketing at this particular moment is reflected in a large badge proclaiming that "Hogs are beautiful."

Not all the Merc's innovations have come off but it has never been shy of trying new things. In some parts of Chicago you will hear the argument that too many new products could undermine the futures business by confusing the public and fragmenting the marketplace. But the Merc says that is rubbish.

The Merc's present mood of optimism appears to be unbounded. Leo Melamed, who has the best but by no means the only claim in Chicago to be the father of the financial futures industry, says that the Merc's International Monetary Market has become an integral part of the interbank system. As such, he believes that every commercial bank will sooner or later be participating in the market in one way or another — which in turn will bring corporate treasurers into the action.

Claims Mr Monieson, "It looks like there is no way to inhibit growth here over the next five to six years."

CHICAGO BOARD OPTIONS

Fresh trading highs

FOR THE Chicago Board Options Exchange (CBOE) 1982 was the tenth consecutive year of record trading volume and it ended on a very strong note. December brought new highs in both option dollar volume—$6.1bn compared with the previous month's high of $5.2bn—and open interest, with a record of 5.6m contracts.

This surge in activity has been based on the bull market in equities which started off in such e spectacular fashion last August. Since then it has become clear that Wall Street and the CBOE are growing increasingly interdependent.

The big New York security firms have been doing unprecedented levels of business and have been making an ever larger proportion of their profits out of trading as principals. This means that they have been taking much higher risks than would ever have been dreamt of in the past—to an extent that would heve been wildly imprudent but for the existence of e liquid options market where those risks can be hedged.

Market leader

The CBOE has consolideted its position as the market leader over this period. In 1982 just over 55 per cent of all options traded in the U.S. crossed its floor, up from 1981's market share of 52.6 per cent. The level of institutional business, though still small, is also growing, as evidenced by a rising proportion of large block trades.

Yet despite its continued success the CBOE is going through a rather tense period. It knows that it must live or die on the strength of its options business—and the futures markets, which have a much hroader spread of products to offer, are increasingly moving into its patch.

The first hig ettempt to hit back was a plan to introduce e market in debt options. This had been the CBOE's first priority since the lifting of the regulatory moratorium on options in 1980. Only a few days before the planned opening of trading in the new instruments, however, the exchange was forced by court action to hold back. By the time it was eventually ahle to start trading in Treasury Bonds last October the hig swings in interest rates were lergely in the past and its members were ahle to find a lot more action in the established equity business.

The Exchange has further plans for debt options and e contract based on Government Netional Association pass-through certificates (GNMAs) will probably be introduced later this year. But for the moment its main bopes are pinned on the new index option contracts, which got off to a hrisk start earlier this month. The CBOE claims thet these are the first such options to be offered as a security rather than a commodity, with no intervening futures position upon exercise.

The option has the disadvantage of being tied to an index—the CBOE 100—which no-one has ever heard of. But the Exchange bas done e great deal of work to show that it is indeed an effective measure of hroad market movement. The hope is that it will he successful enough to persuade equity salesmen to stick with the markets they know rather than going over to register with the futures exchanges in order to be ahle to do husiness in their equity contracts.

In the next few months the CBOE hopes to introduce options hased on equity industry groups such as oils, computers, transport, pharmaceuticals and consumer goods. "The index option is critically important to us," says James Kelley, executive vice-president of the CBOE. "We have to assert ourselves as *the* options exchange."

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RICHARD LAMBERT ON THE FORTHCOMING MAYORAL ELECTIONS

Crisis of management

WHEN PRESIDENT Reagan attended a fancy Republican dinner in Chicago at the beginning of this year Bernard Epton's name was not exactly on everyone's lips. To the contrary, the Republican candidate for city mayor was made to pay for his own ticket. He was plumped firmly at the back of the hall.

That's the way things are done in a city where local Republican politicians have been at best a bad joke for as long as anyone can remember.

But all that changed dramatically on February 23 when Mr Harold Washington acknowledged to a cheering crowd of supporters that he had been elected against the odds as the Democratic Party's nominee for Mayor.

Despite spending millions of dollars on her campaign, Mayor Jane Byrne, the Democratic machine candidate, had been rejected by city voters and Mr Washington, who is black and owes no favours to anyone in the Chicago establishment, appeared set on his way to City Hall. Suddenly, Mr Epton became a media figure, gifted with a dry sense of humour but far from being an inspiring politician.

Mr Washington still seems highly likely to emerge as the victor when the final votes are counted after the mayoral election on April 12. But the events of the past few weeks reveal a great deal about the character of Chicago and are likely to have a lasting effect on the way the city is managed in the future.

Tough lady

Mrs Byrne, an extremely tough lady but an erratic politician, herself defeated the sitting Mayor, and exposed both the inefficiency and the insensitivity of the traditional Democratic establishment. Yet Mrs Byrne chose to work with the machine rather than against it, making sure that her own candidates had their hands on the levers of power.

The image Mr Washington is now presenting is that of a Liberal Democrat of the old school,

But despite this the business community, which normally plays a key part in the city's politics, has kept itself very much at a distance from his camp. If he gets to City Hall a major question will be whether he can broaden his political base in the way that will be necessary if the city is to be run at all efficiently.

Mr Epton, to his credit, has gone out of his way to stress that he does not want to win votes because of his colour but the issue was muddied even more by Mrs Byrne's decision—subsequently reversed—to seek re-election as a write-in candidate, having originally promised to support Mr Washington.

The result of all these manoeuvrings, the Chicago Tribune has said, is to make an ugly political situation even uglier. "The bitterness that has already marked this campaign can only intensify. What Chicago needs right now is a measure of stability and restraint."

The hope is that this will be forthcoming once the next fortnight is out of the way.

Campaign to rejuvenate industrial sector

DESPITE the rapid growth of the service and financial sectors, the heart of Chicago's economy still lies in manufacturing. Of the roughly 1.5m jobs in the city itself about 21 per cent are in manufacturing; for the metropolitan region as a whole the proportion is over 24 per cent. This compares with just under 24 per cent in the wholesale and retail trades—and well under 10 per cent in finance, insurance and real estate.

The list of Chicago's top companies is a roll call of the great names in U.S. industrial history. In terms of economic concentration the area is a major U.S. centre for electrical and electronic equipment, fabricated metal products, transportation and printing and publishing.

Total value added by manufacturing industry in the area came to nearly $47bn in 1982. Within this figure the biggest contributions came from non-electrical machinery, electrical machinery, food products, fabricated metals, printing and publishing and chemicals—each of which made up very roughly a tenth of the total value added.

These are, of course, some of the industries which have been hardest hit by the recession. The Chicago Association of Commerce and Industry estimates that the physical volume of goods sold in the area probably declined by 10 per cent last year, the worst performance recorded since World War II. Corporate profits in the area dropped by nearly a fifth to $7.5bn, compared with $9.6bn back in 1979.

A measure of recovery is now under way in several of these sectors but Chicagoans recognise that over the long term the existing manufacturing base is unlikely to provide enough new jobs for the area, even after allowing for a continued drift into the service sectors. So the city, like many others in the U.S., is casting around to find ways of encouraging small businesses in the area to grow larger and to persuade new companies to move in from outside.

In terms of financial assistance Chicago has stepped up its industrial revenue bond programme, which provides low cost loans for capital investment. These loans have recently been running at around $50m a year, compared to $4m in 1970. The city also offers a revolving loan fund to help small companies, as well as what are called federal urban development action grants, by which it lends money to private developers at attractive rates.

In addition, Chicago is seeking to promote itself as a centre for high technology development. Last October a task force set up by Mayor Jane Byrne's administration published a report which pointed out that the area has a number of natural advantages, quite apart from its geographical location and the breadth of its financial institutions.

These include rich resources in the big universities—the University of Chicago, Northwestern University, Illinois Institute of Technology and the University of Illinois at Chicago. There are also several major research laboratories in the region. Illinois ranks seventh among the states in the total number of industrial research laboratories, which include Bell Laboratories, Amoco's oil research and development laboratory and Motorola.

Labour skills

The region already has a large pool of appropriate labour skills. The city's Economic Development Commission claims that it ranks second only to Los Angeles in terms of its employment base in high technology activities.

Mayor Byrne's taskforce went on to admit, however, that "when considering the location of business in Chicago it must be recognised that some areas of the city are perceived as unattractive with respect to quality of life, amenities and services. One particular concern is the quality of pre-college education offered in certain areas of the city. Good schools do exist and the quality of Chicago's schools appears comparable to those of other major urban areas. However, the perception, along with the quality, of public education, needs to be improved."

As well as underlining the requirement for more investment in the educational system this comment illustrates another of the city's problems—its poor public image. Contrary to expectations a visitor to Chicago will be exhilarated by the range of its architecture, the quality of its art galleries and symphony orchestra, the bustling atmosphere of a centre which in some measure is run by business for business. It is a long way from the general perception of a bleak and windy fortress in the crumbling heartland of smokestack America.

This is another reason why the character of the administration at City Hall is so important to the future development of the city. Chicago has a tremendous amount to offer as a business location. If it is seen to be fiscally sound as well as fairly and efficiently administered, there is no reason why it should not be capable of attracting major new investment.

Richard Lambert

CHICAGO'S TOP 25 COMPANIES

1	Sears, Roebuck and Co Chicago
2	Standard Oil Co (Ind) Chicago
3	Dart and Kraft Northbrook
4	Beatrice Foods Company Chicago
5	Household International Prospect Heights
6	Caterpillar Tractor Co Peoria
7	Consolidated Foods Corpn Chicago
8	Jewel Companies Chicago
9	UAL Chicago
10	Deere and Co Moline
11	International Harvester Co Chicago
12	Commonwealth Edison Co Chicago
13	IC Industries Chicago
14	Motorola Schaumburg
15	Archer Daniels Midland Co Decatur
16	FMC Corporation Chicago
17	Esmark Chicago
18	Midcon Corporation Chicago
19	Borg-Warner Corporation Chicago
20	Santa Fe Industries Chicago
21	CNA Financial Corporation Chicago
22	American Hospital Supply Corporation Evanston
23	Inland Steel Company Chicago
24	McDonald's Corporation Oak Brook
25	Quaker Oats Company Chicago

Source: Crains Chicago Business

Office surplus slows building projects

SOMEHOW it seems inevitable that the city which boasts the nickname "Construction City" should also have three of the tallest man-made structures in its midst. Rearing its head above them all is the Sears Tower, at 1,454 ft still the tallest building in the world.

Over the last 10 years 54.5m sq ft of new office space has been added to the metropolitan market alone, according to Continental Bank figures.

But reputation alone has been insufficient to keep the building machine alive. Indeed the success of the sector in the past has itself generated a problem during the recession as demand has slowed. Chicago today is "overbuilt" and under-occupied.

The downtown area, which includes the central business district called the "Loop" bounded on all four sides by an elevated railway, has experienced two building booms in the last 20 years.

The first, between 1968 and 1973, consisted largely of developments by corporations for their own use. They included First National Bank, IBM, Standard Oil and Sears Roebuck.

The second boom began in 1978 and in contrast has been largely speculative. During 1980 and 1981 15 new office buildings totalling 7.5m sq ft were completed and 90 per cent let according to Chicago's Economic Development Commission. An additional 19.5m sq ft of new and renovated office space was either under construction or planned at the end of last year.

But in 1982 the "absorption rate" in the downtown area dropped to about 2.1m sq ft from over 2.5m sq ft a year in previous years and the overall occupancy rate fell to around 94 per cent. As a result a number of projects have been cancelled or "put on hold" and new tenants have been offered major concessions to take space.

Mr Donald Bodel, president of Richard Ellis Inc

The concessions have taken two specific forms—rent-free periods and allowances for final trimmings. Typically a new tenant can currently expect an extended period of "free" accommodation, often six to 12 months but sometimes up to two years.

In addition landlords are offering built-in allowances of up to $15 a square foot to cover final finishings and fittings. The concessions, instead of actual rent reductions, reflect the fact that developers, backed by institutions such as pension funds, are increasingly willing to "wait for a better market" rather than let space cheaply.

But the mismatch between supply and demand has resulted in a number of project cancellations. Mr Donald Bodel, president of Richard Ellis, can identify half a dozen delayed or cancelled projects on a downtown map.

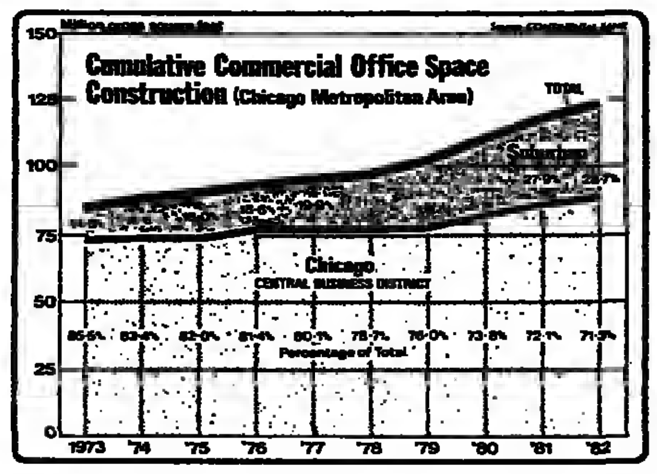
Although Mr Bodel believes that supply and demand are moving "into equilibrium" some 11 major projects are proceeding. Among them are the new Chicago Mercantile Exchange on Wacker Drive and several other developments in the same area.

A new hotel and a hotel expansion are planned for the North Loop redevelopment area and major residential and office developments for Park Place. In the Chicago dock and canal property, where Equitable Life has just signed a 20-year development agreement, a big mixed development is planned.

Estimates of the oversupply in the downtown district vary. Mr Bodel says that about 10m square feet of office space is currently under construction, with about 20 to 40 per cent pre-leased. In addition he suggests that the current vacancy rate is about 8 per cent or between 5m and 6m square feet. This leads to a total supply, including current sub-lets, of about 12m to 13m square feet.

Some estimates put the oversupply as high as ten years. Mr Wilfred Brown, president of Chicago property agents Arnold Rubeloff, believes this is too pessimistic. "We believe there is about 7m square feet available at present," he said. At realistic absorption rates he suggests that is three years' supply at most and he is looking for an upturn in the market around the start of 1984.

Since some of the current projects will not be completed for two or three years Mr Bodel also rejects suggestions of an office space glut. However, he adds "there may be a drought in new construction" in both the Wacker Drive area, where four major projects are due for completion this year and along North Michigan Avenue.



In the downtown area current rental levels range from between $15 and $18 a sq ft in older properties to $20 to $25 in buildings completed in the last 10 years and to $25 to $30 in new projects and "image buildings," according to Richard Ellis. "Most rentals are in the lower $20 to $25 range," says Mr Brown.

Investment

Over the past year there has been little growth in rentals. Indeed Mr Bodel suggests that concessions have "factored in" a 10 to 15 per cent reduction. Nevertheless over the past six years rentals have outpaced inflation and Chicago continues to attract property investment, including several by major UK pension funds.

But the picture outside the downtown area is considerably bleaker. Occupancy rates in once booming suburban office markets like Oakbrook, Woodfield/Chaumburg, O'Hare and Edens Corridor have dropped to around 83 per cent. In these markets rentals average $13 to $17 a sq ft, with prime space renting for up to $18 a sq ft.

The industrial market is also "very soft." In Mr Brown's words, "There is a very substantial over supply." The vacancy rate in the 570m sq ft of industrial space in the Chicago metropolitan area averages up to 10 per cent.

Over the past 12 months the amount of vacant space has increased by about 10m sq ft to 52m in the five county metropolitan areas compared with an average in the area of around 30m feet. Current rentals are a depressed $2 to $3.50 a sq ft and six-month rent free periods are the rule rather than the exception.

Similarly there is at least a one-year supply of warehousing space and with inventory levels at rock bottom there is little immediate prospect of an upturn in the market. "Companies have a lot of spare capacity which has to be used up before they need new space," says Mr Brown.

The retail market is little better. The proliferation of suburban shopping malls in recent years has experienced mixed results.

While some retail developments have achieved occupancy rates of about 93 per cent, at least one new project, the 2m sq ft River Mall development, has been abandoned following the failure of an earlier project by developers American Income Properties.

Paul Taylor

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

The international businessman's newspaper that stays on the move now offers special daily reports from the world's market centres together with comprehensive financial statistics included in the

NEW

8-page SECTION III

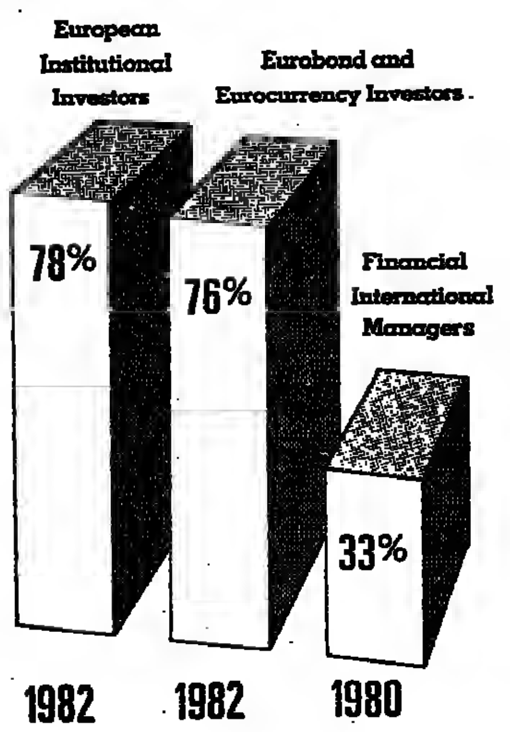
Who reads the International edition

The Frankfurt edition of the FT is published Monday to Friday and has a circulation of 40,500. Since Frankfurt printing started in January 1979, circulation in the areas covered from Frankfurt has increased 113%.

The Continental European readership of the Frankfurt FT includes 79,000 'men of high status' (as defined by the 1981 Pan European Survey) in the ten Continental countries covered by that survey – Germany, France, Italy, Spain, Netherlands, Belgium, Sweden, Denmark, Switzerland and Norway.

Coverage of directors and heads of department in large and medium-sized companies on the continent of Europe is 6.7%, which is higher than that of any other English-language daily paper (EBRS 1982). Coverage of specialist groups is considerably higher: 78% of international portfolio managers in continental investment institutions, 76% of executives in the continental Eurobond and Eurocurrency markets, and 33% of corporate treasurers and international financial managers in major continental industrial and commercial companies read an average issue of the Frankfurt FT.

The Frankfurt FT also has a circulation of 9,300 outside Continental Europe



FT circulation has risen by 94% in Europe over the past three years.

WEST GERMANY	350%
FRANCE	56%
SWITZERLAND	127%
BELGIUM	65%
NETHERLANDS	94%
ITALY	53%
SPAIN	40%
SWEDEN	46%
DENMARK	19%
GREECE	62%
AUSTRIA	107%
NORWAY	56%
PORTUGAL	96%
LUXEMBOURG	127%
FINLAND	71%
TURKEY	16%

Average Circulation Increases %
July - Dec 1978 Jan - June 1982

How Section III adds momentum–and may be read first!

Wall Street, European bourses, Far Eastern markets, commodities, what money is worth... for the first time coverage of the world's financial markets are drawn together into a single self-contained section.

New features include:

- A front page providing both an at-a-glance statistical record and authoritative editorial analysis of the previous 24 hours in the world's markets.
- Full daily closing prices of the New York and American stock exchanges, and;
- Expanding coverage of equity markets in Europe, the Far East and elsewhere

A detailed table on the front highlights the major international price and currency movements of the day. Alongside, specialist writers describe and analyse the day's trading on the world's leading stock markets, from Tokyo to New York, London and the European bourses.

They focus on price movements, market sentiment, investment trends and the significant interplay between the fiscal and monetary policies of governments and national equity and credit markets.

The markets section also incorporates the Financial Times' existing full list of London stock prices and its comprehensive overview of commodities and agriculture, gold, currencies, money markets and financial futures.

All this continues the development of a sectionalised international edition – making the diverse contents of the Financial Times easily accessible to the busy international executive and government decision maker.

Compact, clearly defined sections focus on:

1. International news and features, definitive coverage of UK news, management trends and timely editorial comment.
2. International and UK company news.
3. World markets.
4. Special survey sections on most days, providing extensive coverage of countries, regions and business sectors.

New opportunities for advertisers

With the development of the new Section III – International Markets, new advertisement spaces have been created, thus offering an even greater opportunity to advertisers wishing to concentrate their message on Continental Europe.

Page One – Market Reports

The front page of the section has three new advertisement spaces available, all of which have great impact value, due to prime positioning.

For the first time there is a quarter page, going across the page (140 mm × 390 mm). Alternatively this space can be taken as the conventional quarter page (280 mm × 192 mm). There are also two new ear-pieces available (40 mm × 60 mm).

Page Two – New York Stock Exchange Prices

The inclusion of the New York Exchange Prices page provides the other new advertisement space in Section III. It is a solus position – size (100 mm × 192 mm).